

MINISTRY OF TRANSPORT

RURAL BUS SERVICES

Report of the Committee



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Report

To the Rt. Hon. Ernest Marples, M.P.,
Minister of Transport

CHAPTER 1

Introduction and Summary of Conclusions and Recommendations

1. We were appointed by your predecessor, the Rt. Hon. Harold Watkinson, M.P., on 3rd September, 1959—

“to review present trends in rural bus services and in particular to enquire into the adequacy of those services; to consider possible methods of ensuring adequate services in future; and to make recommendations.”

We now have the honour to submit our Report.

2. Following our appointment we issued a general invitation to interested parties to submit evidence to us in the form of memoranda. We also sent a direct invitation to 52 organisations which we thought had a particular interest in the rural bus problem. In all 115 organisations and individuals submitted written evidence, some of which, in answer to our enquiries, was later amplified by further submissions on specific points. Of the 52 organisations directly invited, 11 declined our invitation, some because they had already contributed to memoranda presented by organisations to which they were affiliated. We invited 22 organisations and individuals to appear before us. A complete list of those who gave written and oral evidence is attached at Appendix A of this Report.

3. We are grateful for the help which we received from all who submitted evidence, for the manner in which it was presented, and for the readiness with which any additional information was provided.

4. We met on 19 days in all, of which 9 were devoted to the hearing of oral evidence. In addition to these meetings we endeavoured to obtain first-hand information from a cross-section of rural areas. For this purpose five sub-committees were set up to make two-day visits to Huntingdonshire, the Isle of Ely, and Norfolk; Devon; mid-Wales (Montgomeryshire, Merionethshire, Radnorshire and Breconshire); and to Durham and Northumberland; and a

three-day visit to Scotland (the counties of Moray, Perth, Dumfries and Kirkcudbright). The detailed arrangements for these visits were made on our behalf by the County Councils concerned, and we are most grateful to them for their helpful co-operation. We should also like to thank those who attended our meetings in village halls, bus garages, private houses, municipal and other offices and by the wayside, or who wrote to us about their particular bus problems. This programme of visits enabled us to see the problem in perspective and to form an opinion both on the adequacy of existing services and on the hardship and inconvenience experienced by country-dwellers.

5. Two further sub-committees made visits to Sweden, to ascertain how a similar problem was dealt with in that country, and to Switzerland, to examine the operation of the postal bus network. These visits were organised for us by the Swedish Ministry of Transport (Kungl Kommunikations-Departementet) and the Swiss Postal Administration (P.T.T.), for whose assistance we are most grateful.

6. We have also co-operated with the Highland Transport Enquiry, which, as part of its wider study of the future of road, rail, air and sea transport in the Highlands, is considering the special problem presented by rural bus services in that context. The enquiry is being conducted jointly by the Scottish Transport Council and the Advisory Panel on the Highlands and Islands. We have had an opportunity of meeting members of the Enquiry, and have discussed their preliminary views with them.

7. Finally, we would record our appreciation of the services of our Secretary, Mr. J. M. Moore, whose knowledge and experience were of the greatest help to us. He was assisted first by Mr. J. R. Coates and later by Mr. R. E. S. Robinson to both of whom our thanks are due.

SUMMARY OF MAIN CONCLUSIONS AND RECOMMENDATIONS

8. Our general conclusion is that the present and probable future levels of rural bus services are not adequate to avoid a degree of hardship and inconvenience sufficient to call for special steps; and we recommend mainly a system of direct financial assistance, in part from local and in part from central sources, and administered through the County Councils.

9. In more detail, our conclusions and recommendations may be summarised as follows:—

- (1) The rural bus problem is the product of a number of factors, the chief of which is the increase in private transport. (Paragraphs 17-27, 34-37.)
- (2) Responsible estimates are that the growth of private transport will continue. (Paragraphs 19-20.)
- (3) The manpower needs of agriculture, forestry and rural industry do not by themselves present exceptional difficulties. (Paragraphs 72-77.)
- (4) However, the problem involves hardship to a small number of people and inconvenience to more, which does not accord well with any reasonable concept of adequacy. (Paragraphs 66-71, 78, 83-84.)
- (5) Some rural bus services must therefore be regarded as inadequate. (Paragraph 84.)

- (6) Steps should be taken forthwith to improve these services and to ensure the continuity of other services so long as these may be required. (Paragraph 84.)
- (7) The amount of financial assistance which might be required cannot be measured by the difference between operators' average costs and their receipts per vehicle mile. (Paragraphs 91-94.)
- (8) Any solution involving financial assistance should be related to the circumstances of each case and should not be based on any general formula of costs per vehicle mile. (Paragraph 94.)
- (9) The licensing system as a whole has worked well but is not now a sufficiently powerful instrument to deal with the situation so far as unremunerative rural services are concerned. (Paragraphs 96-118.)
- (10) There is a case for making better use of the allocation of the school contract. (Paragraphs 116-117.)
- (11) The minibus has not lived up to the hope that it would help with the wider problems of rural services, but full Certificate of Fitness standards should not be reimposed. (Paragraphs 119-126.)
- (12) In most villages which were too small to have any bus service there would be no carrier or tradesman available to undertake a passenger service. (Paragraphs 127-130.)
- (13) Operators might with advantage give more attention to the possibility of expanding their parcel traffic. (Paragraph 131.)
- (14) The Postmaster General should be invited to reconsider the extent to which mail at present carried in Post Office vans could be passed over to buses, and the possibility of allowing fare-paying passengers to travel in Post Office vans. (Paragraphs 132-137, 139.)
- (15) The general introduction of postal buses to this country on the Swiss or German pattern would be unsuitable and unwise. (Paragraphs 133-134, 136-138.)
- (16) We see no reason to suppose that some further operating economies will not be made in the future. (Paragraph 142.)
- (17) Operators should explore the possibilities of increasing fares on those services which are in danger of being withdrawn before taking any decision to discontinue them. (Paragraphs 143-144.)
- (18) The administrative and organisational changes we propose will not solve the entire problem. Adequate rural bus services cannot be provided except as a result of some measure of financial assistance from outside the industry. (Paragraphs 140 and 145.)
- (19) Remission of fuel tax would be a simple way of giving relief, but if granted on all services or on all stage services would inevitably be imprecise and indiscriminate. (Paragraphs 146-154.)
- (20) Remission on all services would not merely offset the losses at present incurred on rural services; it would also present the larger companies with a considerable increase in profits. (Paragraph 153.)
- (21) It would be a once-for-all measure. After the benefits of tax remission were exhausted, it would be necessary to devise some other means of giving assistance. (Paragraph 153.)

- (22) The remission of tax on all stage services or on rural services only would involve serious administrative problems and difficult questions of definition. (Paragraphs 154-155.)
- (23) It would be preferable to give whatever assistance was required in the form of direct financial aid. (Paragraph 157.)
- (24) Of the various ways in which this assistance might be given, administration through the County Councils would be the most satisfactory. (Paragraphs 159-170.)
- (25) The cost of financial assistance should fall partly on the Exchequer and partly on the County Councils. (Paragraphs 169-173.)
- (26) The Development Commission might play a useful role in the administration of any financial assistance provided by the central exchequer. (Paragraph 171.)

The Development of Bus Services

10. The foundations of the present network of bus services in Great Britain were laid in the period following the first world war. Before 1914 public transport in country areas was provided mainly by the railways and by general carriers whose carts ran between the villages and the nearest railway station. After 1918 many of these general carriers' services developed into motor bus services. Additional services were introduced by other small operators of whom many were ex-servicemen who had learnt to drive during the war and who had used their gratuities to start a bus and garage business. At the same time the larger companies were establishing their main road services, often in competition with the railways which began to lose traffic on local journeys to the cheaper and more convenient road transport. In this period the number of operators and services multiplied rapidly.

11. Before 1930 licensing was carried out by local authorities and was on the basis of vehicles as distinct from services; once a vehicle was licensed to operate it could do so freely without restriction as to time, place or fares. The resulting situation was described by the Thesiger Committee which reported on the licensing of road passenger services in 1953, in the following terms:—

“By 1930 there was a general desire for change on the part of all the constituent elements in the transport business.... ‘The travelling public suffered because unrestricted competition led to the running of irregular services at unnecessary frequencies and with haphazard variations in fares. The reliability and the comfort of the vehicles often left a great deal to be desired....’ The larger omnibus companies suffered from the fact that if they endeavoured to establish regular services throughout the day and throughout the year in all parts of the district served by them, they were liable to attack by other operators competing with them at times when, and on routes where, the going was good, without undertaking any responsibility for the traffic at unremunerative times and in unremunerative places. To meet this the larger omnibus operators were forced into uneconomic competition in the matter of fares and services. The smaller operators also led an extremely insecure life. They were open to severe competition in the matter of fares and services from large concerns, who, with their great resources, could run unremunerative services and hold out for much longer than the smaller operators.”¹

12. It was to bring order into this situation that the Road Traffic Act, 1930 was passed. Under this Act, Traffic Commissioners were appointed to administer a new licensing system under which licences were related to routes

¹ Report of the Committee on the Licensing of Road Passenger Services, chapter II, paragraphs 7 and 8.

The Thesiger Committee and the Act did not define “unremunerative”; we deal with this concept in Chapter 5 of our Report.

instead of areas. Operators were given a measure of protection from unregulated competition and in return were expected to provide other services for which there was a need but which could not earn sufficient revenue to cover their full costs. The Traffic Commissioners had no authority to require operators to provide unremunerative services; their influence was entirely persuasive but it was nonetheless effective. In Chapter 6 we deal with the effects of this licensing system on the provision of rural bus services.

13. Between 1932 and 1937 the numbers of operators, other than local authorities, declined from 6,207 to 4,702 and the number of vehicles operated from 40,836 to 34,838. On the other hand, the number of passenger journeys and the number of vehicle miles increased steadily. The effect of the Act was not to confer monopoly conditions on the larger companies by which they could force smaller operators out of business. In 1937, out of the 4,702 operators mentioned above, 4,081 were operators with 5 vehicles or less and only 107 had more than 24 vehicles. The Thesiger Committee took the view that, in the conditions of rising demand which then prevailed, the new licensing system had achieved "an orderly growth of the industry while preserving the essential features of fair competition". By 1938 an extensive and ordered network of services had been established throughout the country.

14. The steady growth of the bus industry which had occurred during the 'thirties continued during the war years which followed. By September, 1946, there were 4,250 more buses on the roads than there had been in September, 1938.

15. In the immediate post-war period the bus industry continued to expand partly as a result of the continued restriction of private transport and partly as a result of petrol rationing. The mileage of services of all operators with more than 5 vehicles (but excluding the London Transport Executive and local authorities) increased from 819 million vehicle miles in 1937-38 to 1,289 million in 1949-50. By 1950 the country had an even more extensive system and a higher standard of public road passenger transport than it had before the war. The high level of demand persisted for the next five years but in 1955-56 the number of passenger journeys on all stage services began to decline. In the four years 1955-59 the number of passenger journeys declined by 10.2 per cent. as compared with an increase of 10 per cent. in the three years 1948-51 and an increase of 2.3 per cent. in the four years 1951-55. The present number of passenger journeys run by all operators is significantly below the figure for 1949 (see table in Appendix B)¹. That the decline in the number of passengers was the cause rather than the effect of the decline in services is indicated by the fact that the figure of vehicle miles operated did not begin to fall until the following year, 1956. But once the process had started it continued.

16. There are indications that in rural areas the decline in the number of passenger journeys began earlier than elsewhere. Unfortunately the available statistics do not make it possible to distinguish clearly between urban and rural services. But it is significant that the figures of passenger journeys and vehicle miles for local authority (i.e., mainly town) services declined one year later than the corresponding figures for other operators whose services are a mixture of urban and rural. And the number of passenger journeys on the

¹ Figures based on Ministry of Transport annual statistics "Public Road Passenger Transport in Great Britain".

services of the smaller and predominantly rural stage operators, i.e., those with less than 24 vehicles, began to decline before those of the larger operators who have a proportion of urban services. Allowing for the fact that the number of operators in any one size-group may vary from year to year as businesses expand or contract or are acquired by others, the decline in the number of passengers carried on stage services by smaller rural operators seems to have begun as early as 1952 and to have continued at a rate of 3·4 per cent. per annum.

Causes of the decline in bus services

(i) The growth of private transport

17. Several factors contributed to this decline but we are satisfied that the main reason was the growth of private transport. (See graph in Appendix C.) In the early post-war years private transport recovered only slowly. Petrol was still rationed and car production was restricted. It was not till 1949 that the number of private cars reached the level of 1939. The number of motor cycles recovered more rapidly.

18. In the five years 1947-52 the number of registered private cars increased from 1,940,000 to 2,510,000 or 5·8 per cent. per annum. By 1959 the number was 4,970,000 or nearly double the figure for 1952. (See Appendix D.) There is also evidence that the ratio of private cars to population is higher in rural areas than in urban areas and that the rate of increase quickened earlier in the rural areas. In 1958, in 41 counties of a predominantly rural nature in Great Britain there were 7·0 persons per car or motor cycle as compared with 8·4 for the rest of the country. And figures supplied to us by the County Planning Department of Northumberland County Council showed that the number of licensed cars in selected rural parts of that County began to rise earlier than in the country as a whole.

19. If recent rates of increase are maintained there will be some 7,000,000 cars and 3,000,000 motor cycles, scooters and mopeds on the roads by 1965 as compared with 5,000,000 and 1,700,000 respectively in 1959. The actual rate will depend upon the general state of the economy, the expansion of the road system and the upward movement in living standards. The Society of Motor Manufacturers and Traders has estimated that by 1970 there will be 11,000,000 cars on the roads of Great Britain or 1 for every 5 persons, 4 for every 5 families.

20. In assessing the effect of any such increase on public transport, we think that in rural areas the ratio of cars to population will continue to be higher than in the towns. Furthermore, any curtailment or withdrawal of rural transport services, whether road or rail, tends to stimulate the purchase of private transport even among income-groups whose members would not otherwise choose to spend their incomes in this way. The practice of giving lifts is understandably more common in rural areas and this will doubtless continue to aggravate the effect on the receipts of bus operators of increasing private transport. Finally, we think it probable that the number of motor cycles, scooters and mopeds will increase by a greater proportion in the next decade, both in the country and perhaps even more so among young people in the towns. If this happens it will affect not merely the revenues of rural bus services but also the profits on the town services out of which many rural services are sustained.

(ii) *The spread of television*

21. A second important factor in causing the decline in the number of bus passengers has been the rapid spread of television. The number of television licences has risen from 2,000,000 in 1952 to more than 10,500,000 in 1960. In the same period, cinema attendances have fallen from 1,312,000,000 to 603,000,000—a fall of more than 50 per cent. This swift and remarkable decline, which of course has affected both urban and rural services, has accentuated the difficulties of bus operators by reducing traffic in the off-peak period.

(iii) *Other factors*

22. It has been suggested to us that other contributory factors have been changes in the geographical distribution of the population, the increase in bus fares and the increasing number of mobile shops. We consider each of these in turn.

23. Changes in the geographical distribution of the population which are relevant to our problem take two forms: an increase in the larger villages and towns of the countryside and in the rural areas which surround the larger cities, and a decline in the remoter parts of the country. This latter process of decline has been continuous over a long period and has been most pronounced in the upland areas of the north and west, especially in mid-Wales and in the Western Highlands and Islands of Scotland. In these areas the number of births no longer equals the number of deaths so that on the basis of present trends a further decline in population is inevitable.

24. Over the countryside as a whole there is a definite tendency for population to concentrate in the larger villages and small towns. Apart from the natural movement in this direction certain policy decisions have a reinforcing influence. Thus we understand that the Forestry Commission have now decided to plan the housing of their workpeople in this way. We also understand that measures which have been taken by the government to arrest the declining economy of rural areas, whether by afforestation or by the introduction of new factories into the small market towns of Wales, may have the effect of accelerating the movement. Such concentrations should create the opportunity, among other things, to provide better amenities and public services on a more economical basis.

25. These changes inevitably contribute to the decline in the demand for rural bus services. They were not widely commented on by those who gave evidence before us but they were frequently mentioned in the course of our visit to Wales. Where they were mentioned the suggestion was generally made that depopulation was the result of more deep-seated factors than the decline in public transport facilities. For the country as a whole we do not think that the drift to the towns has been as important a factor in causing the erosion of rural bus services as the growth of private transport and the spread of television. On the contrary, by concentrating the demand for bus services it may have made it possible to maintain certain services which would otherwise have been withdrawn. In those areas, however, where there has been positive depopulation, the effect of this decline in population may have been decisive.

26. Higher bus fares may have caused some people to travel less frequently and in some cases may have persuaded them to acquire their own means of

transport. To that extent they may have reinforced the influences which we have already mentioned.

27. We have no convincing evidence on the effect of mobile shops and delivery vans on bus travel for shopping purposes but we think that the effect is not very great as regards rural bus services. We think that most country housewives still prefer to visit their market town at least once a week, partly because of the attraction of the outing, and partly because of the wider range of commodities to which they can have access and the price comparisons they can make.

The extent of the decline in services

28. The general fall in the total of vehicle miles operated on stage services began in 1957, a year after the beginning of the decline in the number of passenger journeys. For smaller operators the decline, in both cases, started much earlier. Between 1951 and 1959 the vehicle mileage of smaller operators (i.e., in this context operators of from one to twenty-four vehicles) on stage services declined by as much as 27 per cent., from 98,650,000 to 72,040,000 miles a year. Part of this decline may be attributed to the absorption of smaller operators by the larger companies and another part may be attributed to the expansion of smaller operators' businesses which has taken them into the larger vehicle-groups. We think however, that the figures give a reasonable indication of the extent of the decline of services operated in rural areas by the smaller operators. Although figures are not available for the rural services of operators with more than 24 vehicles we think it unlikely that these services experienced so marked a decline or that the decline started so early. In the early 'fifties the larger operators had not yet been affected by declining traffic on their town and inter-town routes. To that extent they were better able to carry whatever burden was imposed upon them by the declining traffic in their rural services. The larger companies do not seem to have made important reductions in their services until the fall in overall receipts affected services generally: then it both increased losses on their rural services and reduced profits on other operations out of which those rural services had formerly been supported. But when this did happen the larger operators were obliged to economise by curtailing their more unremunerative routes which were, for the most part, located in rural areas.

29. From 1956 separate figures are available for services which have been regarded as rural. These are quoted in Appendix E and show that the estimated weekly vehicle mileage is diminishing, though not at a constant rate. The reduction which occurred in 1957-58 was only half of the reduction which occurred in the previous year and the reduction which occurred in 1959-60 was less than half the reduction which occurred in 1958-59. Any long period trend may be modified in particular years by non-recurring events such as fuel rationing after the Suez crisis and the provincial bus strike which occurred in 1957. Over the four years 1957-60, the weekly mileage of rural bus services has been reduced by a total of 356,296 miles, an annual mileage of 18,527,392 miles.¹ This represents a reduction of approximately 1.7 per cent. of the 1956

¹ These figures are based on annual returns made since 1954 by the Chairmen of Traffic Commissioners to help the Ministry of Transport to follow the trends in rural bus services. For this purpose it has been sufficient to rely on broad judgments by the Chairmen as to what is rural mileage.

figure of 1,092,170,000 miles for total stage mileage by all operators (excluding municipalities and the London Transport Executive) or 5·8 per cent. of an estimated total stage mileage of 320,000,000 on rural routes.

30. From the particulars cited in Appendix E it is apparent that the reductions in rural bus stage mileage have been due more to the curtailment of services than to their abandonment. Thus, in the twelve months ending 31st August, 1960, the annual vehicle mileage fell by 2,100,000 but of this only 370,000 vehicle miles or roughly one-sixth, was due to abandonments. These 370,000 vehicle miles, moreover, were run over 603 miles of route. In most cases the routes on which services were abandoned were still covered by other services and only 47 miles out of the 603 were without any service at all. We cannot, however, ignore the effects on the public of the significant reduction of services by 1,730,000 miles per annum.

31. We come now to the effect on the rural transport situation of the closure of uneconomic branch railway lines. Between 1954 and 1959, 77 branch lines and 342 stations have been closed to passenger traffic and we understand that a substantial number of further closures are contemplated by the British Transport Commission. It is not for us to comment on the decisions to make these closures but it is within our terms of reference to consider the effect of the withdrawal of rail services in rural areas on the need for additional bus services.

32. The Transport Users' Consultative Committee are required to consider fully the adequacy of alternative services before they approve the closure of a branch line or station. In many cases, the cause of the rail services being taken off has been the greater popularity of the bus. However, in several instances the provision of a new or improved bus service has been made a condition of this approval and there have been cases where the new service has been subsidised by the British Transport Commission. But there have also been cases where a sufficient number of passengers have been displaced by the withdrawal of the rail service to make it worth while for bus operators to provide the alternative service. Bus operators have not been slow to avail themselves of this opportunity where it occurred.

33. As a rule rural bus services can be provided more cheaply than alternative rail services. Bus services also tend to be more convenient in country areas since they run through the centres of population whereas railway stations are often situated at considerable distances from villages. It might therefore be expected that where an uneconomic rail service is withdrawn the substitute bus service would be better able to make a profit or at least to incur a smaller loss. This, however, has not always happened and we have encountered cases where substitute bus services, after an initial period, have also been withdrawn.

The rise in operating costs

34. The difficulties of bus operators have been aggravated by rising costs, accompanied by the resistance of passengers to fare increases. Taking 1938 costs as 100, costs had risen by 1958 to 280. By far the greatest factor in this rise is the increasing cost of labour. The Public Transport Association informed us that, after allowing for alterations in the hours and conditions of employment, labour costs for 19 representative companies had risen by 115 per cent. between

1939 and 1949 and by 290 per cent. between 1939 and 1959. A further wage settlement in May last year—the largest single increase the industry yet faced—was estimated by the Association to represent an increase of 11 to 12 per cent. on present labour costs. This would bring the total increase since 1949 to 203 per cent. Labour costs are, moreover, extremely important to bus operators, as they usually represent about two-thirds of overall operating costs.

35. Bus operators are, however, increasingly availing themselves of the dispensations granted by the Traffic Commissioners authorising the operation of large single-deck vehicles without conductors, as a means of reducing costs. The present agreement between the industry and the unions provides for a 15 per cent. bonus for driver/conductors, which leaves a saving of 4d. to 5d. a vehicle mile from conductorless operation.

36. The other major factor in the rising costs of bus operation has been the increase in fuel tax, which roughly doubled the cost of petrol and diesel oil between 1950 and 1952, when it reached its present level. Fuel tax now represents some 9 to 12 per cent. of the bus industry's costs—2½d. to 3d. per vehicle mile.

37. Some operators, however, have been able to reduce costs by operational economies, such as more efficient cleaning and maintenance methods, reorganisation of office work, new types of fuel and lubricants and larger capacity vehicles, as well as one-man operation. One large company, which submitted evidence through the Public Transport Association, had been able to save nearly 3d. per vehicle mile by means of such operational economies, excluding one-man operation. For seven typical companies for which the Association submitted figures, the saving varied from 1·86d. to 4·75d. per vehicle mile.

Bus fares

38. The increase in costs and the fall in the number of passengers would not, of course, in themselves have created a problem, if they could have been covered by increased fares. It has, however, been the experience of bus operators throughout the country, that, when fares have been raised, the number of passenger journeys has dropped; and sometimes the net result has been a fall in total receipts, instead of a rise. In other words, country people have in general been unwilling or unable to pay increased fares more in line with the true cost of providing rural services and passengers on other services have not been prepared to pay fares high enough to meet the losses on rural routes by way of cross-subsidy.

39. The extent of the increase in bus fares on stage carriage services since before the war is shown in the tables at Appendix F and in the graphs in Appendix G. It is difficult to generalise about bus fares, which, unlike railway fares, have never been standardised throughout the country on a mileage basis. The rate per mile varies widely, not only from area to area, and company to company, but also from route to route, from one part of a route to another, and according to distance. Subject to the control of the Traffic Commissioners, the actual level on a given service seems to be fixed in the main with an eye to the cost of the service and what the market will bear. These depend on a variety of factors, such as the loadings the company is able to obtain both on the service in question and on its services generally, the availability of alternative forms of transport, the wealth of the local population, and the length of journeys involved. There is a tendency for the larger companies to adopt fare scales for their services, but there is no "norm" throughout the country as a whole.

40. The figures we have been able to obtain are therefore averages only. They have been supplied at our request by the nationalised bus undertakings (the Tilling and Scottish Omnibus Groups) and by the Public Transport Association. The Tilling and Public Transport Association figures are based on a sample of figures supplied by bus companies within the groups; the Scottish Omnibus figures are averages of all stage carriage services, and, as they are in greater detail than the others, we have taken them as the basis of our first graph. For figures of the increase in fares since 1954 we have drawn on the index of stage service fares published by the Ministry of Transport in its annual statistics of "Public Road Passenger Transport in Great Britain". These figures, which are weighted to allow for mileage and other factors, are more reliable than those calculated on a sample basis. They are, however, still an index only of the extent to which fares have increased, not of their absolute level.

41. Subject to these reservations, we think that the figures quoted in Appendices F and G can be taken as a useful and broadly accurate indication of the way bus fares have moved since before the war. The most striking feature is the complete stabilisation of bus fares between 1938 and about 1950. This stability, which was encouraged by both the central government and local authorities, as a means of checking inflation, was made possible by the boom in the bus industry during a period when private transport was still restricted. Once costs began to rise, however, and the number of passengers to fall, bus companies were compelled to increase their fares. Since 1950 they have done so sufficiently to cover the increase in operating costs, but not also to offset the fall in demand. In individual instances, of course, fares may have been increased sufficiently to cover both factors. In others they have not been increased at all, and we came across several cases in the course of our local visits, where fares were still at the level at which they had originally been fixed in the 1930s.

42. The limit to the increase in fares is primarily the strong passenger resistance to which we have already referred. To some extent the control of fares through the Traffic Commissioners also acts as a check on increases, which can be made only with their permission, and which in the past have almost invariably been opposed vigorously at public hearings by the local authorities. This factor has, however, become of less importance than passenger resistance and the indications are that on recent applications, most local authorities have made few or no objections to the bus companies' demands.

The size of operators

43. Apart from London Transport and the municipal transport undertakings which are, of course, mainly concerned with urban services, most of the bus services in England and Wales are provided by two large groups: the Tilling Group, which is wholly owned by the British Transport Commission, and the British Electric Traction Company. The British Electric Traction Company incorporates most of the large private companies, but the British Transport Commission holds a substantial, though not a controlling, interest in most of them.¹ In Scotland the Scottish Omnibus Group also owned by the British Transport Commission provides 80 per cent. of the non-municipal bus services.

¹ The British Transport Commission holds an equal proportion of shares (ranging from 33-50 per cent.) with the British Electric Traction Company in 26 bus companies, but in each case the British Electric Traction Company has full *de facto* responsibility for policy and management.

It is estimated that in Great Britain as a whole between 70 and 80 per cent. of all rural services are provided by companies in the three large groups. There are also a number of large and medium sized independent undertakings operating stage services. Many of these services are in rural areas.

44. In addition to the major companies mentioned above, there are 1,170 smaller stage operators with less than 25 vehicles, 609 of them with 5 vehicles or less. In certain remote areas, such as mid-Wales, Northumberland, and parts of Scotland, the majority of services are operated by these small companies. This is probably because the large companies have not wished to acquire services which, because of the extremely sparse population of the area, have always had low receipts.

The relative importance of stage, express and contract work to different types of operator

45. Different types and sizes of operator tend to do different kinds of work. The annual vehicle mileage operated on stage, express and contract work, and on excursions and tours and the receipts are given for each size-group of operators in the table at Appendix H, while the graph at Appendix I shows schematically receipts from these different types of operation. These appendices also show that while larger operators taken as a whole draw by far the greater part of their receipts from stage carriage services, the smaller operators, again taken as a whole, are engaged primarily in contract work. This is particularly true of those with five vehicles or less.

The Experience of Other Countries

46. The rural transport problem is not peculiar to Great Britain but may be expected to develop in any country which has a growing level of car ownership together with areas of relatively sparse population. We have received evidence on the situation in the United States of America and Sweden and we have also obtained information on the networks of postal buses operated in Switzerland and Germany. The information gained from these various sources is set out below.

The United States of America

47. The situation in the United States of America may be cited as an indication of how the problem might develop in Great Britain in the future. The position in the United States is at present more acute, not only because of the greater sparseness of the population in certain rural areas but also because of the high percentage of car ownership. A report covering the whole of the United States showed that in 1954 87·8 per cent. of passenger miles were travelled by car and only 4·1 per cent. by bus. Official State Inquiries into the situation in Michigan, Iowa and New England revealed that the number of passengers on local (i.e., mainly rural) services had fallen by 65 per cent. in the years 1945-58 as compared with a decline of 50-60 per cent. on all services. By 1954 a quarter of the communities in New England with over 1,000 inhabitants had no form of public transport at all.

48. Legislation has already been introduced by both the Federal and the State government in an attempt to deal with the problem. The most important measure has been the reduction of taxation. The Federal tax on fares was reduced in June, 1960, from 10 to 5 per cent. Individual States have reduced the fuel tax and licence fees on short-range bus services (those with a route-mileage up to 50 miles). Many states have also introduced new legislation to control contract work in order to assist the stage operator. In Montana, local authorities have been empowered to place contracts for unremunerative but socially desirable services and to subsidise them from the rates. Despite these measures the demand for local services has continued to fall, mainly as a result of the increasing car population, and bus services are still being reduced.

Sweden

49. The problem confronting the bus industry in Sweden is similar to that in Great Britain. The number of private cars is increasing rapidly. Every seventh person now owns a car and bus services are losing traffic. During the last five years the loss was at the rate of 3 to 4 per cent. per annum, and the future estimated trend is at the rate of 2 to 3 per cent. per annum. It is estimated that between a quarter and a half of the rural bus industry (which in Sweden overlaps much less with urban bus undertakings than in Great Britain) has not been

able to cover its costs. This has left some communities, or particular members of communities, in difficulty for lack of transport. Swedish officials told us that in their experience rural bus services get into difficulty as soon as the local car population reaches 150 per thousand inhabitants.

50. A Special Transport Commission advises the Swedish Government on transport problems. The Government have already acted on two recommendations of the Commission—raising the fares on rural bus services and giving the stage operator a preference in respect of school contracts. This latter measure has been very successful. The local authorities have less objection to accepting a tender which is not necessarily the lowest since the central Government pays 80 per cent. of school transport costs. It is expected that the Government will act shortly on three further recommendations: the rationalisation of the rural bus system by the licensing authorities; the remission of one half of the vehicle tax to rural bus operators; and the standardisation of bus company accounts (to prepare the ground for a possible future subsidy).

51. The Swedish Transport Commission do not think, however, that these measures will do more than hold the position for the time being, and they are examining the possibility of further measures. The most important of the solutions under consideration is a subsidy to be administered either by the Regional State authorities or by the Communal authorities. The Transport Commission considered that a contribution from local authority funds would be a safeguard against the over-provision of services. The final arbiter on whether a service was necessary would be the Minister of Transport, whose decision would be final. The Transport Commission had not worked out any measure of adequacy. One return journey a week was the minimum which most people had in mind though even this level would be subject to the extent to which the service covered its direct costs. Bus services in Sweden fall more readily into the urban and rural categories and a "rural" service is defined as a regular stage service of which at least four-fifths of the route mileage lies outside urban areas. In cases where the traffic is slight, the Transport Commission envisage that the licensed operation of private cars might be a better answer than the provision of a bus service. They think that if a subsidy were introduced its cost would not increase substantially since the growth of private transport would ease one part of the problem as much as it created another. Certain further measures are also contemplated, such as the introduction of differential fares more closely related to the cost of providing the service.

52. We found that in certain areas mail is carried extensively on the bus services.

Switzerland

53. The situation in Switzerland is different from that in the United States, Sweden and Great Britain in that, despite an increasing number of private cars, the number of bus passengers has not fallen since the war but has risen fairly steadily by some 2·5 per cent. per year. Bus fares are also closer to the economic rate for the particular route than they often are in Great Britain or in Sweden, though many classes of passenger qualify for concessionary rates. Our interest in Switzerland lay chiefly in the operation of the postal bus network whose services account for just over two-fifths of all stage service mileage. The Swiss

Post Office (known as the P.T.T.) is the traditional operator of stage services in Switzerland and has in fact a virtual monopoly of all passenger transport. Until 1959 it granted concessions to other operators, including the railways, to operate on routes which it did not cover itself. In 1959 the granting of concessions was transferred to the Ministry of Posts and Railways, but the postal administration still fixes the time-tables of bus services which it co-ordinates with rail services and undertakes such matters as the inspection of vehicles. Rural services are provided mainly by the P.T.T. which for social reasons pursues a policy of maintaining services in remote and sparsely populated areas.

54. Four aspects of the Swiss system are particularly relevant to the British rural bus problem: the combination of bus operation and postal delivery; the method of determining the adequacy of a service; the co-ordination of bus services with one another and with rail services; and the system of sub-contracting for services in rural areas. We deal with the first of these in Chapter 7 of our Report.

55. The number and frequency of rural bus services in Switzerland are relatively high. Every village with a sub-post office or on a mail carrying route enjoys at least two return journeys a day, and usually more, to the nearest town. Villages which have no post office may not always have a bus service, and in very remote areas $1\frac{1}{2}$ miles is not considered too far for people to walk to catch a bus. The P.T.T. does, however, run services which are not necessary for carrying mail and makes many non-mail-carrying journeys on the mail routes. The decision as to which services should be run, and how frequently, lies with the postal administration which has to be satisfied that the journey is justified on grounds of need. The P.T.T. seems, however, to have a flexible rather than a rigid standard of adequacy and to some extent bargains with local people. Villages which want a higher standard of service than the P.T.T. is prepared to provide can obtain it by making a financial contribution themselves; 80 out of some 7,500 villages do so. We understand that the P.T.T. has never entirely withdrawn a bus route and would be unlikely to do so even if only 3-4 people were using it. From the P.T.Ts. 1958 accounts, it appears that some 75 out of the 440 routes may average only 3 or 4 passengers. The P.T.T. is, however, about to review the frequency of all its services to see whether any saving can be made.

56. The timetables of all services are drawn up, after local consultations, by the P.T.T. and are reviewed annually. Normally buses run to and from railway stations, where they connect with the trains, and the bus timetable is incorporated in the one issued by the Federal Railways. Through road-rail tickets are also available.

57. In order to keep down costs, the P.T.T. places contracts on subsidiary routes with local operators whose costs are lower to the extent that they are able to employ part-time staff, and by garaging their vehicle at the country end of the routes, to reduce empty mileage. The P.T.T. finds that the use of local small operators helps to keep down overheads. The contractor is paid in accordance with standard rates, some on a fixed basis and others varying according to the mileage operated. The driver, who usually works part-time, is paid according to the actual number of hours worked. The contractor, in return, has to pay all his receipts to the P.T.T. which controls the tickets and ticket issuing machines and issues tickets in advance. The P.T.T. allows the operator

10 per cent. profit on costs and advances the capital cost of the vehicle, whose make it specifies and which it inspects regularly for maintenance. In case of breakdowns the P.T.T. holds a reserve of vehicles which it lends for a small charge.

58. Apart from keeping down costs, this system of sub-contracting has the advantage that as the receipts are paid to the P.T.T. there is no need to restrict picking up rights on sections of route which they operate directly themselves. For both these reasons the Swiss system deserves consideration, and we discuss in Chapter 7 of our Report whether notwithstanding the difference in circumstances some of its features might be adopted in Great Britain.

West Germany (Federal Republic)

59. The West German Post Office, like the P.T.T. in Switzerland, operates bus services and is required to maintain bus services in thinly populated areas as part of the Government's social policy. We understand that the German postal bus service was recently running at a deficit of some 84,000,000 DM a year, which represents a net loss of some £5,000,000 after a sum has been credited for mail conveyance.

The Adequacy of Rural Bus Services

Definition of "rural"

60. Our terms of reference require us to examine the "adequacy" of bus services in "rural" areas and to consider how adequate services can be maintained in these in the future. It is necessary therefore to look at the meanings which may be given to the terms "adequate" and "rural" in the context with which we are concerned. Most people know well enough what is meant by "rural", even in relation to bus services, and we found it possible to work on our mandate without spending much time in discussing exactly what was "rural" and what was not. For purposes of local government, it is not difficult to make a broad distinction between urban and rural areas. The Traffic Areas cannot however be similarly classified, and the bus services which the public desire are not limited in their extent by the boundaries of local government or any other defined authority. People who live in villages may and do wish to have access to market towns and even to larger urban centres and the routes which they have to follow often coincide at least in part with routes which are covered by urban or inter-urban bus services.

61. Several of our witnesses thought that some form of subsidy should be provided for the maintenance of rural bus services only. Others thought that rural bus operators should be granted an exclusive rebate of fuel tax. To administer any such schemes would demand a definition of "rural" which could be applied automatically and fairly on a national scale. The witnesses who came before us were no more able than we ourselves to find such a definition. They were conscious of what they regarded as a problem of great social importance and they frequently held strong views about the measures which should be taken to deal with it, but in most cases they had not considered how far the form of their proposals, while applicable to their own districts, was suitable for extension to cover the whole country.

62. The simplest method would doubtless be to give to some authority such as the Traffic Commissioners the power to designate a bus service as "rural" for the purposes of any special treatment. There is indeed some precedent for this device. When fuel was rationed and the duty on hydro-carbon oils was temporarily increased at the time of the Suez crisis in 1956, permission was given for bus fares to be increased and a special high rate could be charged if among other things the Traffic Commissioners certified on application that the services concerned were substantially rural services. As it happened, however, the Traffic Commissioners were seldom called upon to decide what constituted a rural service.

63. Other methods have been suggested. For example a rural service might be defined in terms of the mileage operated outside the 30 m.p.h. speed limit area. But many roads in urban areas (e.g., dual carriage ways) are de-restricted while roads in villages which have street lamps—and this may well increase in the

future—may be restricted. Another alternative might be that rural services should be defined in terms of the mileage operated in the area of a Rural District Council (in Scotland a District Council) or in the area of any other local authority with a population not exceeding 10,000—this figure being suggested on the grounds that many Urban District Councils and even small Boroughs rely solely on rural bus services. But the limit of 10,000 population or any other limiting figure must of necessity be arbitrary. There are Urban Districts with populations in excess of 10,000 which would claim that they are mainly rural and that as such they should participate in any special treatment accorded to rural areas. Other suggestions were that rural services might be defined by the mileage (e.g., 75 per cent.) in areas of less than a given population density or by the services operated in the hinterland more than one mile from the main route.

64. These suggestions all involve administrative difficulties. Population densities would have to be calculated for areas which do not coincide with the areas used by the Registrar General. It would be necessary to define what was meant by "main routes". These difficulties may not be insuperable, though it seems certain that any attempt to deal with them would give rise to serious anomalies.

65. We think that if any special treatment involves a definition of "rural bus services" the responsibility for defining these services should be vested in some public authority. In our view the only authority which has the necessary knowledge and experience to be properly charged with this responsibility would be the Traffic Commissioners.

"Adequacy"

66. We return now to the question of adequacy. We were not able to accept for general application any of the definitions suggested to us. Where it was suggested that existing services were inadequate it was generally maintained either that hardship or inconvenience was caused to the local population or that the development of industry in rural areas was impeded.

67. Hardship or inconvenience to the local population was cited by many witnesses. In a memorandum submitted by the National Federation of Women's Institutes it was maintained that lack of public transport in rural areas created "difficulties for young people attending further education classes; difficulties for those working in towns, whose homes are in the country; difficulties for the elderly drawing pensions (a number of sub-post offices have closed in recent years); difficulties for the housewife who has to do her main shopping in the towns; difficulties for those attending doctors' or dentists' surgeries or needing to have prescriptions made up by the chemist; difficulties for those visiting patients in hospital or attending hospital for treatment".

68. There is little doubt that in certain parts of the country these inconveniences are considerable but it is also clear that, if an attempt were to be made to remove all of them by the provision of new bus facilities, services of considerable frequency would be required. Some witnesses thought that a certain minimum service, in some cases of one bus each day or one or two each week, would be adequate in rural areas which either had no service or had a service which was in danger of being withdrawn. No such minimum service could eliminate all the difficulties referred to by the National Federation of Women's Institutes.

69. Nor can it be overlooked that the reduction in rural bus services, which it is said has given rise to these difficulties, has been due to a large extent to the reduction in the demand for them. We have discussed earlier in this Report the reasons for this declining demand but there is little to suggest that in the areas most affected the mere provision of new services or the preservation of services which are in danger of being withdrawn would generate a new demand which would enable these services to cover their costs. This means that these services are only likely to be provided or maintained if some form of assistance is made available. We discuss the implications of this conclusion later in our Report.

70. There is also the question whether the inconveniences and hardships which have been cited are tending to increase or diminish. We have found that the importance of the problem varies considerably as between different rural areas. But it is possible to detect two influences which operate in opposite directions. On the one hand the continued reduction of bus services in rural areas increases the area in which inconvenience and hardship are likely to occur and the number of people who are likely to experience them. On the other hand the continued increase in the number of people in rural areas who either have their own means of transport or who have access to other private means of transport, reinforced in some cases by a continued drift to the town, tends to reduce the number of persons who experience hardship or inconvenience. The fact that the number of passengers on rural buses is tending to decrease suggests that the second of these influences is stronger than the first. But while the number of persons who experience hardship or inconvenience may be decreasing the degree of hardship or inconvenience which they experience may tend to increase as services are reduced.

71. It has also been submitted to us that apart from the personal inconveniences and hardships referred to in paragraph 67 above, the contraction in rural bus facilities has brought about a sense of isolation which has acted adversely on village life and in turn reinforced the influences which make for rural depopulation. The point is a real one. The issue here must, however, be seen in perspective. The forces which have brought about these effects on village life are many and complex and among other things reflect changes in the pattern of social life both in the towns and in the country. They had started to produce these effects before 1950 when the bus services were improving and not declining.

The effect on agriculture

72. We come now to adequacy in relation to industrial development. Of the industries which might be expected to be most directly affected, agriculture would be the most important. Instances have been brought to our notice where outlying farmers have had difficulty in recruiting labour owing to the isolation of the farm and the absence of public transport to provide a link with market towns and urban centres. But this difficulty, where it exists, may be only one element in the problem which confronts the outlying producer. Thus the National Farmers' Union of Scotland submitted to us that "this type of farmer has always been at some disadvantage, even during the war and immediate post-war years of strict control of markets and prices, because the average fertility of his land is less than the national average, requisites had to bear transport costs, and distance and remoteness created marketing difficulties even where uniform prices were

available at collecting centres. The degree to which he has been adversely affected by his geographical position has, however, been greatly accentuated by the general abandonment of guarantees to the individual of a national price for produce, by the progressive increase in transport costs and by the reduction in transport services". It is not for us to examine the price policy for agricultural produce but we cite the statement as an indication that the disabilities of the outlying farmer are not just the result of reduction in transport facilities. On the other hand, the same memorandum argued that the remoteness of outlying farms was "curable within limits by the provision of adequate goods and passenger transport services at reasonable cost". It was submitted "that this transport should be recognised as the heart of the matter and that instead of resources being dissipated upon piecemeal attempts to deal with different manifestations of the problem efforts should be concentrated on curing it by providing adequate transport services at a level of cost which is supportable".

73. For agriculture as a whole the picture is a different one. Since 1950 the net output of agriculture in England and Wales has increased by 17 per cent. although the regular labour force has declined by 27 per cent. Increased mechanisation has reduced the number of persons required in the industry; it has also, in many directions, affected the kind of labour required. In absolute terms the number of regular workers employed in agricultural holdings in England and Wales has fallen from 584,000 in 1949 to 426,000 in 1959. We have no evidence of a general shortage of labour, whether regular or seasonal, throughout the industry and the number of young persons who are entering the industry appears in general to be satisfactory. This is not inconsistent with the fact that in many particular instances difficulties of recruitment exist. These difficulties may be attributed to the remoteness of outlying farms referred to above or, in some areas near towns, to the competition of other industries which can offer higher wages. And not all agricultural workpeople as yet own their own means of transport though the number who do is increasing. There is also some evidence that the small farmer may experience more difficulty in recruiting or retaining labour than the larger farmer. We think that the effect of the availability of public transport on the supply of agricultural labour is indirect rather than direct. Few agricultural workpeople make use of buses to get to or from their place of employment. Poor bus services must, however, affect the amenities of life to which they and their wives and families have access unless they are able to command their own means of transport.

The effect on forestry

74. Forestry is an occupation which has often to be carried out in areas far removed from the centres of population and even where there are no regular bus services. Often the Forestry Commission have had to provide transport to carry workers to the job from the nearest village. Sometimes it has been necessary to provide houses for the accommodation of a permanent labour force. In the most remote areas, Commission vehicles, usually lorries fitted with seats and a canopy, are also made available for social and recreational purposes but only where there is no public transport or where the nearest bus service is too far distant or too infrequent to be of reasonable use. But there are also indications that there is an increasing reliance on personal transport, while in many districts small bus operators do a fair amount of private hire work at week-ends though

this can be more easily arranged from the larger villages from which economic loads can be more readily attained.

75. We were informed by the Forestry Commission that difficulty was experienced in recruiting and retaining labour in areas which were very remote or where alternative and better paid employment was available. The rate of labour turnover though high was, however, less than it was five or six years ago. And few of those who left forestry employment mentioned inadequate bus services as a reason for their departure.

The effect on rural industry

76. It is sometimes suggested that the inadequacy of rural bus services is a factor which prevents the growth of new industry in rural areas and that an improvement in the service would act as an encouragement to industrial development which would help to check the movement of population from the rural to the urban areas. We have no evidence to support this view. New industrial development outside the existing industrial areas is hardly likely to occur except where the concentration of population would justify capital investment in the essential services. Again, wherever there is a sufficient concentration of population public transport services might be expected to develop naturally, but this in itself provides no solution to the transport problem in those more scattered rural areas where the problem appears to be most acute. Indeed new industrial development of the kind which is envisaged may be a factor which encourages still further the movement of population from the rural areas.

Summary of effects on agriculture, forestry and rural industry

77. Though we are of the opinion that the manpower needs of agriculture, forestry and rural industry do not by themselves present exceptional difficulties, the seriousness of the problem must be judged mainly by the degree of inconvenience or hardship involved for those who live in rural areas and have no private means of transport.

Personal hardship and inconvenience

78. From the evidence which we have received and from the observations which we were able to make during visits to different parts of the country we are satisfied that the inconveniences and hardship which have been caused by the decline in rural bus services vary greatly between different parts of the country. In some places, while complaints may be made when services are reduced or withdrawn little real hardship is experienced. In other places, the sense of hardship appears to go deeper. We found examples of both kinds of place in our visits to the Scottish Highlands and the south-east of Scotland, to parts of Northumberland, to mid-Wales, to parts of East Anglia and Huntingdonshire, and to parts of Devon. In order to give some idea of the order of hardship involved, we have heard of housewives living in villages with no bus services within 2 to 3 miles and able to reach the local shopping centre only by hiring a taxi at considerable expense; of a woman with small children who had to push her pram some 2 miles along steep and narrow roads to the nearest bus; of young girls who on leaving school were unable to obtain employment because of the absence of a daily service to the nearest town, yet were too young to move

into lodgings, which their starting wages would in any case not cover; and of elderly people able to leave their village only on rare occasions when they can afford to share a taxi. These are the cases where "hardship" seems a more appropriate description than "inconvenience". There are others which involve grave inconvenience; for example the shopping bus which allows either too long or not nearly enough in town. But we have formed the impression that the number of persons who are likely to experience this hardship may not be increasing, partly through the growth of private transport and partly through the migration of people to places where hardship will not be felt. On the other hand the hardship for those who cannot escape or who cannot have access to private transport may tend to increase. If any special provision is to be made, these are the places to which it should apply.

Public relations

79. In reaching the above conclusions we have been influenced by the impression we have gained that the public's attitude towards the adequacy or otherwise of particular bus services has been coloured by the failure of many bus operators to take all possible steps freely to discuss and explain their difficulties, and of the local authorities to keep those they represent fully informed. People whom we have heard of often seemed sadly uninformed on such matters as the impossibility of tampering with a timetable at one point without altering it elsewhere, or the need for a bus service to carry a certain number of passengers if it is to pay.

80. We think that many complaints made by the public about "inadequate" bus services would be withdrawn if the reasons for the situation were explained. Many criticisms would never be voiced at all if explanation preceded an action which might cause inconvenience.

81. We think that relations between bus companies and their customers can and should be improved. Public dissatisfaction with the bus operators, and operators' weariness of unreasoning complaint, produce an atmosphere inimical to the solution of many bus problems which could easily be solved given a little goodwill and tolerance on both sides.

82. We make no detailed proposals on how this better understanding between operators and passengers might be brought about, but we note among other things that the willingness of senior representatives of the companies freely to meet people, in small groups or in public, though it can make heavy demands on the time of busy men, seems to have been worthwhile, as has close co-operation with the local press.

Other problems

83. Another aspect of inadequacy brought to our attention was not so much the scale of services, but the details of the way in which they were provided. Lack of bus shelters, unheated buses on long country routes, insufficient luggage accommodation, time-table displays and lack of through-booking facilities were mentioned to us. We do not think, however, that they are of primary importance under our terms of reference, and we have not investigated them closely. We note them and bring to the attention of those concerned the desirability of meeting them.

Conclusion on "adequacy"

84. After making due allowance for any irritation produced by these minor deficiencies and for much uninformed criticism, we think there is still a real problem. We accept that hardship to a small but not insignificant number of people, and inconvenience to more, does not accord well with any reasonable concept of adequacy. We think it follows that some rural bus services must be regarded as inadequate and that steps should be taken forthwith to improve them, and to ensure the continuity of other services so long as these may be required. As to the trend of events, we think that the scale of the problem may not change, since the creation of new trouble-spots by the continuing withdrawal of bus services which we foresee will be counterbalanced, mainly by the growth of private transport, solving the problem just as earlier it had created it, and partly by other personal adjustments made by the individuals concerned.

Unremunerative Services

Definition of "unremunerative"

85. We next discuss another term which is fundamental to our examination of how adequate rural bus services are to be maintained—viz.: what is meant by an "unremunerative service". The Road Traffic Act, 1930, which introduced the present licensing system gave to licensed road operators a form of protection against competition to which they would otherwise have been exposed. In return for this protection, licensed operators were expected to provide services which would meet the requirements of the public under the general supervision of the Traffic Commissioners. In exercising this supervision, the Traffic Commissioners were required to have regard, among other things, to "the needs of the area as a whole in relation to traffic (including the provision of adequate, suitable and efficient services, the elimination of unnecessary services and the provision of unremunerative services) and the co-ordination of all forms of passenger transport, including transport by rail".

86. Much of the evidence submitted to us by bus operators was concerned with the unremunerative nature of rural services and the extent to which they are at present cross-subsidised in that the profits on remunerative services contribute to the maintenance of unremunerative services as defined by the operators. Thus we were informed that the Scottish Omnibus Group with its widespread activities was able to provide a high proportion of rural services many of which were of low-earning capacity and sustained by the better-paying operations in the more populated industrial areas. We were informed that the Group companies were maintaining 355 unremunerative services out of a total of 747, that their unremunerative services represented 24 per cent. of the total yearly mileage, and that the loss over the year 1958 in providing these services was estimated at £587,000. The Birmingham and Midland Motor Omnibus Company Limited reported that in 1958 64 per cent. of its services and 32 per cent. of its mileage were unremunerative. The Public Transport Association submitted that on the basis of 19 representative companies extensively concerned with rural services, the mileage of unremunerative rural stage carriage services had increased from 31.9 million miles in 1938 to 36.8 million miles in 1948 and 55.1 million miles in 1958. The problem of the unremunerative service is, of course, not one which is peculiar to rural services but there is reason to suppose that the decline in the provision of rural services was accounted for in the main by the fact that on any rational basis of costing they were failing to pay their way.

87. It is the practice of the industry to define as unremunerative a service in which the receipts per mile fall short of average overall costs. We were told in evidence by the Public Transport Association that while the average overall cost might be either too high or too low in relation to particular rural services the various factors entering the calculations tended to offset one another and rendered the average overall cost figure reasonably acceptable as a criterion for the purposes for which it is used.

It might be thought that in general rural services would cost less than urban services having regard to the facts, for example, that a number of rural routes are maintained by one-man operated buses, that many rural services are provided by owner-drivers, that single-deck buses are more usual on rural services than on urban and that average speeds are higher than on urban routes. We put these points to the representatives of the Public Transport Association who came to talk to us and in a subsequent memorandum they drew attention, *inter alia*, to the far smaller scope in rural areas for the intensive utilisation of vehicles and manpower and confirmed their original statement, adding that it might well be that in some undertakings the use of the average cost per mile figure as the yardstick of profitability concealed the full extent of the loss on rural operation.

Cross-subsidisation

88. Nevertheless, as the Public Transport Association also pointed out to us, "services which are unremunerative by the standard adopted . . . may contribute something beyond their bare running costs towards the overhead expenses of the undertaking". If earnings from other operations are sufficient to support not only their own appropriate share of overhead expenses, but a contribution to the overhead expenses of the unremunerative routes it may be possible and indeed profitable to an operator to continue the apparently unprofitable services. And in cases where the operator can, in off-peak periods, release a vehicle on a remunerative urban route to make a rural journey the additional cost of the rural services thus provided would be marginal only. To quote the Public Transport Association again: "Many unremunerative rural services which can be operated to-day in combination with more remunerative routes would, in fact, disappear, if they had to be run independently, because their independent costs of operation would be prohibitive".

89. Combined operations of this sort come under the general description of "cross-subsidisation" and it is important to bear in mind that taking the operations of an undertaking as a whole, what is called cross-subsidisation may sometimes mean no more than that some low-yielding services can nevertheless be fitted in in such a way as to contribute something to the total net revenue of the business.

Types of operation differ

90. These considerations lead to an examination of the respective roles of the larger operator who serves both urban and rural areas and the smaller operator whose activities are exclusively in rural areas. An operator who provides only one service between two points and whose business is exclusively concerned with the provision of this service cannot continue in business unless his receipts per mile at least cover his total costs, direct and overhead, per mile. An operator who provides many services over a wide area has greater opportunity to cover the overhead costs of his business out of varying contributions from each service. This consideration, taken by itself, might seem to indicate that the larger operator was better able than the smaller operator to provide unremunerative services in the sense in which this expression is used in the industry. There are, however, certain other relevant factors. It is significant that smaller operators—and these predominate in rural areas—depend to a much greater extent than do larger operators on relatively profitable excursions,

tours, and contract work as distinct from stage services so that it may be less necessary for the rural operator who provides stage services to rely entirely upon these services to cover his overheads. Moreover, many rural operators conduct mixed businesses in which the provision of bus services is combined with the running of a farm or a garage or some other local activity.

91. It is now possible to see how the predicament of stage bus operators varies both as between each other and as between different parts of the country. Receipts per mile are likely to be conditioned by density of population and the extent to which members of the public avail themselves of bus facilities in the ordinary business of life. They tend to be higher in urban areas than in rural areas. (In 1959, passenger receipts per vehicle mile for stage services were 1s. 6d. for operators with up to 5 vehicles, 2s. 0½d. for operators with 25-49 vehicles and 2s. 3½d. for operators with over 249 vehicles.¹) On the other hand, for reasons suggested elsewhere, direct costs per mile tend to be less for the smaller rural operator than for the operator who serves either an urban or a mixed area. And the opportunities for cross-subsidisation can also vary. The opportunities which are open to the larger operator will depend to a greater extent upon the number and variety of the stage services which he provides; the opportunities which are open to the smaller operator in rural areas will depend to a greater extent upon the availability to him of excursions, tours and contracts and upon the extent to which his business includes other economic activities.

Conclusions

92. It is not possible, therefore, to cite one figure of receipts per mile which must be obtained if a bus service is to survive. It can, however, be said that in the case of an operator who conducts a range of bus services and in the case of an operator whose bus services constitute only one part of a mixed business, receipts per vehicle mile must cover at least the direct costs of a service per vehicle mile and must normally do better if a particular service is to be maintained indefinitely.

93. The operator's ability to cross-subsidise some of his services will, of course, be increased if he can secure additional traffic. It is for this reason that some witnesses urged that local authorities in placing contracts for school services should be required to give priority to the tenders submitted by operators who provide stage services. We examine this submission in a later Chapter.

94. One important conclusion which follows from this analysis may now be stated. If there is a case for special financial assistance to support rural bus services the amount of assistance which would be required cannot be measured by the amount of the difference between their average costs per vehicle mile and their receipts per vehicle mile. As between different areas or as between different routes the receipts per vehicle mile which would have to be earned in order to make it worth while for an operator to continue an unattractive service may vary within considerable limits. For this reason we think that any solution involving financial assistance should be related to the circumstances of each case, including the hardship and inconvenience which would arise if the service was to be withdrawn, and that it should not be based on any general formula of overall costs per vehicle mile or even of operating costs per vehicle mile.

¹ Figures taken from "Public Road Passenger Transport in Great Britain: Statistics 1959-60".

Possible Solutions

(1) The Licensing System

95. We now examine the various proposals which have been made to deal with our problem. We take first the bus licensing system.

Effectiveness of the system in maintaining services

96. One of the matters to which the Traffic Commissioners are obliged to have regard when deciding applications for road service licences is "the needs of the area as a whole in relation to traffic (including . . . the provision of unremunerative services) . . .".¹

97. The Thesiger Committee, reporting in 1953, found that the licensing system had been "remarkably successful" in this respect. "Throughout the country a high proportion of unremunerative services has been made possible and operators generally have readily co-operated with the Licensing Authority in meeting the need for such services wherever possible. The Licensing Authority has no direct power to force an operator to put on or keep on a service but in practice operators have recognised an obligation to provide as full as possible a network of services for the areas they cover."

98. A number of criticisms of the system have, however, been made to us. The most important is that the powers of the Traffic Commissioners are now inadequate to cope with a problem which is no longer susceptible of cure by methods which amount to little more than persuasion. The Commissioners have no explicit power to make the grant of a remunerative service conditional upon the acceptance of an unremunerative service. Nor have they any power to force an operator to take on an unremunerative service which would cause him to lose money. They cannot make good the loss.

99. We accept the force of this criticism. We recognise the good work done by Traffic Commissioners, with the ready co-operation of the bus operators, in getting unremunerative services provided in the past. We are clear, however, that this method of working must now be regarded as inadequate—indeed, if it had been working sufficiently to meet the rural bus problem, we should not have been called together to consider the present situation.

100. Our view, however, is that the extension of existing arrangements which have the effect that some bus services are paid for by the users of other services cannot by itself solve the present problem. We think it would be unsound to rely further on the users of better paying routes. Moreover, the way in which unremunerative services were helped would be random, since this would depend on neighbouring services.

¹ Road Traffic Act, 1960, section 135 (formerly section 72 of the Road Traffic Act, 1930).

Competition

101. Some critics have gone further and claimed that the licensing system actually inhibits the running of rural bus services because it stifles competition. It is therefore suggested that a solution to the rural bus problem lies in the abandonment, at least where rural services are concerned, of any strict licensing control.

102. We do not think this would help. Experience over the country seems to be that where services are finally abandoned, there is no eagerness by other operators to provide them. This is hardly surprising when abandonment usually only follows after the service has for long made a loss. It is frequently true, however, that another operator would be willing to provide a "spur" service provided he was also allowed to operate and pick up and set down at intermediate points along the main road with which the spur connects. He can make out a case for being allowed to do so. But we think that the last situation would be worse than the first. To allow indiscriminately what is proposed would be to allow erosion of the main road service, and perhaps even, by dividing it up between several small operators, would lead to a situation where none of them could afford to run.

103. We have also heard that the licensing system gives a preference to the existing operator over the would-be new entrant. We have been told that where would-be new operators apply for licences, their applications are opposed by the existing operators, usually with success.

104. We think it is probably true that objections by existing operators to proposals by new ones to operate on their routes are more often sustained than not. We think this is inevitable under the present system, and not necessarily inimical to the interests of the community as a whole. It means that the licensing system is working as was intended, by protecting the existing operator in return for his provision of regular services. Without this protection he would not be able to run.

105. We have also heard that the procedure of the licensing system deters the smaller would-be operator and acts against him. It is suggested that he is put off by having to appear at a public inquiry to get his licence, and that if he does thus persevere he may be faced with a formidable array of legal and other talent speaking for the bigger operators.

106. We do not think this would seriously deter the smaller man with a good case. Similar conditions arise on the goods vehicle licensing side, and we understand there is no shortage of small men ready and willing to appear in search of the licences they require. Almost the only direction which the Minister has ever given to the Traffic Commissioners is in respect of their attitude to smaller men. At the outset of the licensing system the Commissioners were enjoined to be aware of the problems of presentation of their case for small scale operators, and to do all they could to help. We are satisfied that care for the smaller man characterises the dealings of the Commissioners, and we do not think there is any ground for suggesting that the small man will not get a fair hearing.

Notice of abandonment of service

107. A number of other suggestions have been made for amendment of the licensing system to help rural bus services. One was that notice should be given by a bus operator to the Traffic Commissioners of his intention to surrender a road service licence, that is to say, to abandon a service. At present notice has by law to be given of an application for a new licence or renewal or for the variation of the terms of a licence. Thus notice has to be given if the operator chooses to make any reduction in the service by way of varying the licence but not if he hands in the licence altogether. This is an anomaly which we think should be corrected.

Parish Councils

108. Another proposal was that Parish Councils¹ should have rights to appear before the Traffic Commissioners when bus services which affect them are the subject of proceedings before the Commissioners.

109. The existing procedure allows rights of representation to District Councils and above. We think this goes far enough. We see no reason why the normal processes of local government should not allow representations by Parish Councils to be fully considered at District level, and for the District Council to make representations to the Traffic Commissioners if it thinks fit. Furthermore, while Parish Councils have no rights to appear before the Traffic Commissioners, we know that Commissioners interpret liberally their mandate that they may hear anyone they please. We are sure that where a Parish Council has an important point of view the Traffic Commissioners will not hesitate to listen to it.

110. This attitude of the Commissioners has long been recognised. It has, however, been suggested that it is meaningless unless the Parish Councils are made aware of changes which are to be made in their bus services. From this it has been argued that they should be given copies of all "Notices and Proceedings" published by the Commissioners. We think this would involve disproportionate expense and effort as there are some 7,500 parishes in England and Wales. Urban and Rural District Councils already get copies as of right. It should not be too much for them to let the Parishes concerned know what is afoot and to consult them where necessary.

Fares procedure

111. Another representation made to us, this time by the bus operators, was that they should be allowed more expeditiously to change their fares when circumstances warrant. They claim that the need to process an application through the Traffic Commissioners leads to delay, and that where the application is made necessary for example by an increase in wages for bus crews, the delay can be costly. It was said that this cost reacts adversely on the provision of rural services.

112. We recognise the force of the argument. We would only say that it is a problem of wider implication than the effect on rural bus services and that

¹ Paragraphs 108-110 refer to the situation in England and Wales. What is said of Parish Councils applies to District Councils in Scotland and their relation to County Councils.

some other witnesses represented that the procedure was already weighted against objectors. Furthermore, we understand that it is present practice when considering applications for increased fares to look at the whole financial position of the company very closely. The effect of delay before increased fares come into the account can be measured and can properly be introduced into the case to be decided.

School buses

113. We come now to a suggestion which has frequently been made to us that adults should be carried in school buses.

114. There is no reason in principle why this should not be done. It does, of course, mean that the bus becomes subject to road service licensing procedure, although provided the case is good and does not harm existing operators this is not likely to be a difficulty. To achieve full use of the arrangement it would be essential that it should not prejudice the arrangement by which, for carrying capacity purposes, three children count as two adults. We do not think this difficulty should be insuperable.

115. We think that the possible contribution which this solution can make to the problem is not large. It is no doubt engendered by the sight of school buses only partly filled. It must, however, be remembered that these buses have a round to do, on which they start empty and on which they will normally be full by the time they reach their destination. It may well be, therefore, that it is not possible to offer a service which takes the would-be adult passenger as far as he would want to go.

116. The form of proposal most frequently made to us was that, when school contracts were being awarded, preference should be given to existing stage service operators. The argument was that these operators were already bearing the brunt of local unremunerative services. The school service was a useful contract which might fit in well with the remaining pattern of their operations. It was therefore in the interests of the local community at large that the stage operator should get the contract, even if this might sometimes mean that the school contract cost a little more than it otherwise would do. The difficulty is that the Local Education Authorities are spending public money and would be subject to official and public criticism if they did not accept the lowest tender. But the cash saving on a cheap school contract may be dearly bought if the result is the loss of a village's bus service.

117. We think that there is a case for making better use of the allocation of the school contract. We think the local authority, at County level, is in a position to take a balanced view of the divergent interests of the community. We think that the automatic acceptance of the lowest tender should not be mandatory on the Education Authority. The County Council should be entitled to take account of the general stage bus situation in its area. If it needs information as to the services being provided, it could no doubt get it from the Traffic Commissioners.

Conclusion

118. Our conclusion on the licensing system as a whole is that it has worked well but is not a sufficiently powerful instrument to deal with the situation so

far as unremunerative rural services are concerned. We think there are a number of unfounded criticisms made of the system, but that there are minor matters which could well be improved. We do not pretend, however, that what we have been able to recommend in this respect will do more than help at the fringe of the problem.

Possible Solutions

(2) The Minibus, The Village Carrier and The Postal Bus

The minibus

119. We turn now to some other ideas for the alleviation of the rural bus problem. It has been suggested to us by many bus users that poorly supported rural routes could be more economically served by the 10/12 seater vehicle or minibus. Operators, on the other hand, have consistently argued that the minibus is of no assistance on stage carriage services and they have been supported in this contention by the Traffic Commissioners.

120. From the evidence placed before us, the minibus may be only marginally cheaper than the normal single deck vehicle: the greater part of running costs consists of the driver's wages, which are no less than for the conductorless single-decker; and the cost of a new minibus may be more than double that of the second-hand single-decker with a similar expectation of useful life.

121. The minibus also has positive disadvantages. On the type of work on which it was hoped that it might help, it has generally proved impossible to obtain average loadings high enough to cover the cost of operation, without running into difficulty with peak loads of more than 12 at some time of the week. It would cost operators far more to keep two vehicles—one for the off-peak, the other to be added for the peak load—than they could save on the running cost of the small vehicle. The larger companies have also told us that they find a standardised fleet better for maintenance and interchangeability of vehicles, and that from this point of view, too, the minibus is unwelcome.

122. The object of the relaxation of certain of the Conditions of Fitness Regulations in 1958 in favour of the 10/12 seater was to help with the wider problems of rural services. The minibus, however, has not lived up to this hope. Since the Regulations were relaxed, a large number of minibuses have been licensed as public service vehicles. Up to 31st August, 1960, 1,208 licences had been issued, but only 133 were for stage services. Most of these small vehicles are employed on contract and private hire work, where, by increasing the competition for stage carriage operators in this already highly competitive field, they have made it more difficult for the stage operators to provide unremunerative rural services.

123. We have considered whether we should recommend the reimposition of the full Fitness standards on small vehicles, but have decided against doing so. The rural transport problem is essentially one of moving small numbers of people at a time. Other things being equal, it is sensible to carry them in a small vehicle. We recognise that other things are not always equal, but we

think it would be unwise, when passenger numbers are already small and getting smaller, to make it difficult, if not impossible, ever to use a vehicle appropriate to a very small load. In some areas narrow roads may make it essential to use a smaller vehicle, and the minibus might be the vehicle to use. We have also had in mind that most of the criticisms of the use of these vehicles concerned their illegal use for hire and reward without even a p.s.v. licence. This situation would not be improved by tightening up a law which would only bite after the earlier problem of irregular operation had been solved.

124. This problem of illegal operation is significant to rural services only as part of a wider problem facing the bus industry generally, but it affects the provision of rural services and therefore comes within our purview. The law is at present being broken, partly out of ignorance and partly deliberately. There is great difficulty in proving, for purposes of enforcement, that payment has been made in respect of the journey, either in cash or in kind. As regards ignorance, we think that a leaflet explaining the law and enclosed with the excise licences issued in respect of 10/12 seaters, would be helpful. As regards enforcement, we understand that the Department is considering the problem and that Traffic Areas are keeping a constant watch for illegal operation, and instituting proceedings wherever they can.

125. It has been suggested to us that in order to make enforcement easier, some new criterion such as the number of passengers should be substituted for the longstanding one that a public service vehicle is a vehicle operated "for hire or reward". It would then be an offence to operate without a p.s.v. licence any vehicle carrying more than 8 passengers, even where no payment had been made.

126. The carriage of passengers other than for "hire or reward" might reasonably be held not to constitute a "public" service, and any amendment of the law to base the definition of a "public service vehicle" on the number of passengers carried would be open to the criticism at least of illogicality. On the other hand, it could be held that special safety standards, such as those applied by the licensing system, should apply where any vehicle is carrying a relatively large number of people. At present the special safety standards apply only when passengers are carried for hire and reward. We think, however, that to bring vehicles other than those operated for hire and reward within the licensing system would be an illogical departure from the principle that anyone offering a service for hire and reward has a special responsibility to his customers. As regards the safety requirements of all vehicles carrying more than, say, 8 passengers we think that the existing laws as to roadworthiness, together with the general vehicle testing scheme recently introduced, provide appropriate machinery for the purpose.

The village carrier

127. In 1956 the Ministry of Transport and Civil Aviation, as it then was, published a booklet entitled "Village Bus", which explained the public service vehicle licensing system in an easily readable manner and suggested possible solutions for rural bus problems which were then becoming widespread. "Village Bus" also indicated several "unorthodox" methods of self-help. One of these was the combination of the carriage of goods and passengers by a

modern version of the village carrier, in areas which could not support a regular bus service. The booklet suggested that a local tradesman who needed to travel fairly regularly with his van to the neighbouring town might apply for a licence to carry passengers too, and it explained how this could be done.

128. This suggestion, which was supported by several of our witnesses, does not seem to have been taken up. There are several possible reasons for this. It has been suggested to us that one reason has been the more complicated procedure for obtaining licences to cover the carriage of both goods and passengers and the anticipated objection of the established bus operators; and that a "special licence" should be introduced to cover goods and passenger operation within a certain area without a fixed time-table. It is true that besides the carrier's licence which he would already hold, the village carrier would need additional licences to carry passengers. Additional insurance cover would also be required. Apart from the road service licence these other licences are not difficult to obtain and we do not think that the need for them deters anyone who is seriously interested. The need, however, to appear at a public hearing in furtherance of an application for a road service licence might sometimes be a deterrent.

129. We think that the Traffic Commissioners would often feel able to grant licences if application were made to them, since there would be little likelihood that the village carrier would take traffic from the regular stage operator. We do not think that the licensing procedure has been the main reason for the apparent failure of the village carrier idea. We think that in most villages which were too small to have any bus service there would be no carrier or tradesman available to undertake a passenger service. This was amply confirmed in the course of our visits to sample rural areas. The type of carrier who existed before and shortly after the first world war seems to have been replaced either by the small bus operator or by the larger town-based haulier or tradesman who would not be interested in small-scale passenger operation.

130. But even if a local tradesman were available and willing to help by carrying passengers, there would be difficulties. The carrier would have to tie himself to at least one fixed journey a week if his service were to be of any use to local people. The usefulness of the infrequent but regular bus service in remote areas lies in the fact that local people are able to plan their journeys and travelling needs. If the carrier had to deliver and collect parcels en route the journey might be slow and roundabout. It has been put to us that while country people were willing to accept this leisurely form of travel in the past, in most parts of Great Britain they would do so no longer.

Goods in passenger vehicles

131. While the occasional carrying of passengers by an operator whose main business is the carriage of goods is unlikely to make much contribution to the rural bus problem, the carriage of parcels and small goods by bus operators may be of some assistance. Parcels and newspapers are, in fact, already carried on buses in many rural areas, sometimes on contract to British Railways, and make a useful contribution towards the cost of operation. Operators who have much of this work are the true successors to the village carrier. For example, we are told that in the Western Highlands of Scotland Messrs. David MacBrayne, Ltd., draw as much as 17 per cent. of their revenue from this source; and three

of our number will not readily forget a bus journey they made in Devon in the course of a local visit. While the bus had only one paying passenger and that for two miles only of the 13-mile journey, there was a brisk trade in parcel delivery. The small ones were directed skilfully through the window of the non-stop vehicle into a well-worn patch of the hedge-bottom or the hands of waiting villagers, while the larger ones were delivered by the conductor on a porter's trolley. No extra carrier's licence is needed for a public service vehicle to carry parcels, and we think that operators might with advantage give more attention to the possibility of expanding their parcel traffic and even of setting up a parcel delivery service operated jointly by several of them. We understand that a group of Tilling companies in south-western England are already doing this.

The postal bus

132. Two suggestions have been made to us for combining the carriage of passengers and mail: one is that the General Post Office should place contracts more extensively with bus operators for the carriage of mail; the other is that passengers should be allowed, where there is no bus service, to travel in post office vans. Nearly all the representations we have received on this subject have come from Scotland, where the carriage of mails on buses is already quite widespread. The argument in support of the suggestion is that it is wasteful for two vehicles, both probably underloaded, to travel over the same route.

133. We have obtained evidence from the General Post Office on the feasibility of using stage carriage services on an increased scale for the carriage of mails. We have also received information on the operation of Postal Buses in Switzerland. A description of the Swiss system is given in Chapter 3. The General Post Office have also provided us with information on the similar system of bus services operated by the West German Post Office.

134. In Switzerland the delivery and collection of mail between sorting offices and some 3,000 village post offices is carried out entirely by postal buses. Vans are used only to deliver mail to suburban post offices. The Swiss are able to combine postal and passenger operation mainly because of two factors which make the situation there different from that in Great Britain: the delivery from sub-post offices, including the delivery of parcels, is carried out on foot or on cycle and not in Post Office vans, as is often the case in Britain; and the times of deliveries are arranged primarily to suit the needs of the travelling public, so that the first morning delivery is not usually made until after village people who work in the town have left home. Apparently people have grown accustomed to this inconvenience and it is not usually a matter of complaint. The carriage of mails contributes some 18 per cent. to the receipts of postal bus operation. Even so, this sum is less than half the estimated cost of running P.T.T. vans instead.

135. The General Post Office have explained to us that their instructions already lay down that their own vehicles should be used only when the work cannot be done as efficiently and economically by outside contractors, including bus operators. In Scotland the General Post Office already has many arrangements with bus operators for the carriage of mails. Mails are extensively carried

on the services of Messrs. David MacBrayne in the Western Highlands. In Wales some 150 bus services are used for the carriage of mails, and in the Home Counties some 165.

136. The General Post Office have told us that while they are keeping in mind the possibility of making further use of bus services, and have asked Post Office Regions to support local bus services in this way wherever possible, there are certain factors which often make bus services unsuitable for the purpose. The chief difficulty is said to be that the times of the postal delivery and the needs of the travelling public conflict. Most people here, unlike the Swiss, are accustomed to having their letters and parcels delivered as early in the day as possible. The mail must, therefore, be sent from distribution centres to sub-offices very early in the morning, usually between 5 and 6.30 a.m., when bus services have not yet begun to operate. In Switzerland, where mail is carried from distribution centres to rural sub-offices exclusively on postal buses, the outward early morning journey carries few, or sometimes no passengers, but the return journey to the town does. Similarly, the bus which comes out in the evening to collect the mail from the sub-offices brings passengers back from the town to the villages, but returns with few or none. We have considered whether this would work in Great Britain. If the mail were to be delivered to the sub-offices at the same time as at present, the bus operator would have to start out much earlier than he now does, and would have to pay his driver for waiting some two hours at the country end of the run to begin the return journey. We think that this would be both unattractive to bus operators and also inefficient in itself. It has been suggested to us that country people would be willing to receive their mail later in the day in order to be able to retain their bus service; indeed, in some parts of the country, mail deliveries even now do not take place until the afternoon. In such cases, the arguments for combining the carriage of passengers and mail are much stronger, but we understand the view of the Post Office that their primary responsibility is to ensure the safe, quick and efficient delivery of mails, and that while some people might be prepared to accept an inferior mail service, those not relying on the bus service for personal transport (and these may soon be in the majority) would not. A further difficulty in the way of using buses to carry mail is that the General Post Office uses its vans, not only to deliver mail to sub-offices, but also to make individual deliveries to outlying farms and houses, and to make the normal letter and parcel delivery from the post-office which is its destination. A bus would be unable to undertake so devious a route. The system of delivery in this country differs in this respect from that in Switzerland and Germany, where the postal buses deliver mail only to the sub-offices, from which it is delivered on foot or cycle to individual houses. The British pattern of delivery by vans is, we think, more efficient, particularly in speed, and in the saving of manpower.

137. This pattern of delivery presents difficulties for the second suggestion made to us, that passengers should be allowed to travel in the Post Office van in certain remote areas. In most cases the van would not be available to take passengers into town at the desired time, nor to bring them back. The Post Office is, we know, concerned about the security aspect of this suggestion, but passengers do already travel on vans run under contract to the Post Office, and we consider that in remote country areas, where most people are well acquainted with one another, the risk would be very slight and that could be further reduced.

Although as Crown vehicles these vans would be exempt from the licensing requirements of the Road Traffic Act, 1930, we think it would be right to safeguard the possible interests of existing operators and that the General Post Office should voluntarily submit applications for road service licences from the Traffic Commissioners in respect of these journeys.

138. We think that the general introduction of postal buses to this country on the Swiss or German pattern would be unsuitable and unwise. In these two countries, the Post Offices are traditionally major operators of bus services, and the pattern of road transport facilities has evolved round them. In Britain the historical development has been quite different and it would be unreasonable to expect either the Post Office to run unremunerative rural services only, or the large bus companies to surrender a proportion of their remunerative routes to the Post Office.

139. As regards local arrangements, we think that the Postmaster General should be invited to reconsider the extent to which mail at present carried in Post Office vans could be passed over to buses, in the light both of the economies that might result in certain circumstances from the combination of the carriage of passengers and mail and of the benefit to the local population of improved transport facilities. He should also be invited to reconsider the possibility of allowing fare-paying passengers to travel in post office vans where there are no reasonably alternative services available. Such arrangements could not be anything more than a makeshift whose usefulness would be restricted to those areas where a regular bus service cannot be contemplated but since in certain cases wider measures are impossible the contribution of makeshift arrangements, though slight, would be valuable.

Possible Solutions

(3) Costs and Fares

140. In previous Chapters we have considered a number of administrative and organisational changes which might make some contribution to the continuance of rural bus services at their present level but we do not think that by themselves these changes would solve the problem with which we are concerned. The basic problem of rural transport is a financial one—that there are insufficient passengers to cover the costs of the services at the fares which are now being charged. We have now to consider whether there is any further contribution which might reasonably be expected from within the industry itself or whether the solution to the problem requires outside financial assistance. In this Chapter we deal with the possibility that a further contribution could come from within the industry.

141. The financial resources of the industry might be increased either by a reduction in costs or by an increase in fares or by a combination of both. We consider these in turn.

Costs

142. It is reasonable to suppose that operators will always be on the look-out for opportunities to reduce those costs over which they can exercise some direct control. In Chapter 2 we give examples of economies which have already been made, such as the use of conductorless buses, reorganisation of office work, more efficient methods of cleaning and maintenance, new types of fuel and lubricants and in other ways. We are informed that the savings effected by one or other or all of these methods have been significant and we see no reason to suppose that some further economies will not be made in the future. For example, there may be scope for a more extended use of the conductorless bus over some routes. But we must also recognise that the introduction of more economical methods of cleaning and maintenance has greater possibilities for the larger than for the smaller operator. It would not be possible to estimate the extent to which new economies may be obtained in the future but we do not think that we can rely on them to provide a solution of our problem in the foreseeable future. At the same time it would be most unfortunate if this conclusion should encourage within the industry a sense of complacency and an attitude of indifference to the cost factor. In particular, if it should be decided to provide some form of external financial assistance to the industry, the adoption of efficient methods of providing the services should be a condition of the receipt of this assistance.

Fares

143. We also refer in Chapter 2 to the increases in bus fares on stage services since before the war. In general it may be said that bus fares have risen less

than rail fares and both have risen less than the index of consumer prices. But there has been no uniformity in bus fare increases and cases have even come to our notice where the fares now being charged are the same as those charged in 1938.

144. We do not think it either necessary or desirable that bus fares should be standardised throughout the country. Considerations of the cost of the service and what the traffic will bear are and should be important factors in determining fares. Much of the operators' evidence which we received referred to the public's resistance to fare increases and to the decline in the number of passengers carried which occurred after each and every fare increase which was made. We are bound to have regard to this opinion but we find it difficult to resist the conclusion that on many rural bus services higher fares could be charged without injury to the gross receipts of the services. Indeed the more acutely the lack of adequate bus services is felt the greater is likely to be the willingness to pay higher fares which would enable the services to continue. We have formed the opinion that the public resistance to fare increases based upon increases in cost is less strong now than it was in recent years and we think that operators should explore the possibilities of increasing fares on those services which are in danger of being withdrawn before taking any decision to discontinue the services. It may be that some of the reluctance to raise fares is due to the need to appear before the Traffic Commissioners and to answer the complaints of objectors. At the same time we think that there is a problem of public relations to be faced. We think that more could be done by operators to explain the grounds on which they base their proposals. If this were done the passenger resistance of which they complain might be reduced (*see* Chapter 4, paragraphs 79 to 82).

Conclusion

145. As in the case of further reductions in cost, however, we think that further fare increases in rural areas could do no more than make some contribution to the problem; they would not solve it. They might help to maintain some rural services which were in danger of being withdrawn; they could hardly be expected to restore services which had already been withdrawn. We are therefore led to the conclusion that adequate rural bus services cannot be provided except as a result of some measure of financial assistance from outside the industry. In our next two Chapters we examine the implications of this conclusion.

Possible Solutions

(4) The Fuel Tax

146. The bus industry has for some years been carrying on a vigorous campaign for remission of the tax on fuel oil used in public service vehicles. The major associations put this to us as being in their view the main answer to the rural bus problem. (One or two of the smaller operators who gave individual evidence expressed a preference for direct financial assistance.)

147. The grounds on which the remission of fuel tax are advocated are that as a remedy it is simple, equitable, and quickly applied. The bus industry, it is said, is providing a public service. Fuel tax is a tax on that service and should be remitted before any other form of financial assistance is considered; there is no point in collecting money with one hand and returning it with the other.

148. It is pointed out that the remission of fuel tax, which represents 3d. out of total costs of the order of 2s. to 2s. 6d. per vehicle mile of stage service operation, would have a double effect. It would reduce the losses¹ on unremunerative services and by improving the net earnings on other services would increase the amounts available for the support of the losing ones. As the change could be effected by a simple clause in the annual Finance Bill, there would be no need to wait for special legislation; nor would it be necessary to set up any new administrative body and the remedy would be swiftly at work.

149. Before we turn to the other side of the picture, it is worth examining the possible methods of operating such a scheme. The associations asked for remission of tax on diesel fuel only. This might well be better than any attempt to give remission of tax on both diesel and petrol as used in public service vehicles, as it is claimed that 90 per cent. of bus running is on fuel oil. However, in 1959 one-third of all single-deck buses, which are the mainstay of the small operators' fleets, ran on petrol and of these a substantial number must be used on stage services on rural routes whatever their main use (e.g., contract and private hire).

150. The most straightforward way of making the concession, on diesel oil at least, would be to allow fuel to be put straight into the bus tank from a pump containing tax-free fuel. How effectively abuses of such an arrangement can be checked is uncertain. Certainly it would be difficult if the concession extended to petrol.

151. If fuel is not obtained tax-free from the pump, operators would have to be given rebate of tax on one of two bases:—

- (i) in respect of a certified quantity of fuel consumed. This would present serious administrative problems. The operator would have to support his claim with receipted bills as proof that he had in fact purchased

¹ I.e., the excess of average costs over receipts (see paragraph 87).

the fuel in question, but the Traffic Commissioners and the taxation authority might well be reluctant to accept this as sufficient evidence. Bus operations frequently intertwine with garage or goods haulage interests ;

- (ii) in respect of mileage operated under a road service licence, by way of stage and regular express services shown in approved timetables. This has the advantage of founding the payment on ascertainable facts. There would be problems to be met in dealing with duplicate running and the assumed rates of fuel consumption, but we do not think these are sufficient to make the idea impracticable. This method could not be applied to excursion and tour operators since the licences granted for these entail no obligation to run.

152. We now consider possible variants in the extent of tax remission which might be granted to operators.

Total remission

153. Total remission of fuel tax on all services is attractive in its simplicity but has a number of disadvantages.

- (i) It seems to us to involve giving more assistance than is justified. On the figures for 1958 submitted to us by the Public Transport Association¹, the Tilling Group and the Scottish Omnibuses Group, the effect of total remission of tax would be as follows:—

	<i>Public Transport Association</i>	<i>Tillings</i>	<i>Scottish Omnibuses</i>
	£	£	£
Loss on unremunerative rural mileage	1,300,000	1,950,000	585,000
Cost of fuel tax, all services (i.e., stage, express and contract both urban and rural)	3,950,000	3,130,000 ²	2,000,000
Surplus ..	2,650,000	1,180,000	1,415,000

On the operators' definition of "unremunerative" the total remission of fuel tax on all services would thus not merely offset the losses at present incurred on rural services; it would also present the larger bus companies with a considerable increase in profits. In the case of the nineteen Public Transport Association companies and of the Tilling Group of companies, the average profit per mile would in 1958 in effect have been doubled. We have calculated that the remission of fuel tax on all services run by large operators would cost some £12,000,000 per annum. On these figures the total remission of tax on all services would seem to benefit the bus industry out of all proportion to the extent of the rural bus problem.

¹ These figures dealt with the cost of fuel tax and the loss incurred on "unremunerative" rural services in respect of a sample of 19 member companies.

² Not including express and contract services.

- (ii) It would inevitably be imprecise and indiscriminate. The amount of relief that an operator received would in no way be proportionate to the incidence of unremunerative routes in his operations or to the losses incurred on them. In Northumberland and parts of Wales, for instance, there is a high proportion of unremunerative services, while in the West Midlands and Home Counties it is much less. Whether a village received a service or not would, therefore, continue to depend to some extent, as now, on the general profitability of routes in the area in which it lay. Moreover, to remit fuel tax on all services would mean giving substantial benefit to those operators who either run no stage services at all or no rural stage services. We can see no justification for this.
- (iii) There could be no guarantee that the whole of the tax relief would be applied to the improvement of unremunerative services. We think that the only ways in which the public might be expected to benefit would be by a diminution in the rate of withdrawals and curtailments and a possible check to the tendency of fares to rise. We think it highly unlikely that new services would be introduced or old ones restored.
- (iv) It would be a once-for-all measure. The problem seems likely to remain, and after the benefits of tax remission were exhausted, it would be necessary to devise some other means of giving assistance.

Remission on stage services only

154. Remission of tax on stage services only would be a much less simple method of giving relief than total remission, involving as it would a careful check on stage mileage run by each operator and the fixing of average rates of fuel consumption (*see* paragraph 151(ii)). In addition, it shares most of the disadvantages of total remission:—

- (i) While involving less expenditure than remission on all services, it might still give relief disproportionate to the situation. (In 1959, out of a total of 1,454,910,000 miles run by all operators other than local authorities, 1,049,510,000 or well over three-quarters, was run on stage services. If local authorities are taken into account, the proportion of stage mileage rises to about four-fifths. In the latter case, the amount given by tax remission would approach £10,000,000.)
- (ii) While such a scheme would ensure that assistance was not given to those operators who run no stage services, it would still be imprecise and indiscriminate. For example, operators of only urban or inter-urban stage services and having no rural service problem, would qualify for relief.
- (iii) There would be no guarantee that rural services would benefit from the results of this relief.
- (iv) It would still be a once-for-all measure.

Remission on rural stage services

155. The proposal that tax should be remitted on rural stage services only is at first sight much more attractive than the two courses outlined above. While forfeiting in considerable measure the two main advantages claimed for remission of tax as a way of giving relief—it might well not be as quick and would certainly

not be as simple to administer—it would at least ensure that relief was directed to those services with which we are concerned. However, as a measure of relief it is still open to the major objection that it would be a once-for-all measure. In addition it has two disadvantages of its own:—

- (i) It would involve finding a definition of "rural" which could be applied automatically and fairly on a national scale. As we have indicated in Chapter 4, this might be very difficult if not impossible. If the responsibility for deciding whether a service was or was not rural were laid on the Traffic Commissioners, a great part of their time would be occupied in dealing with requests by operators that their stage services should be classified as "rural". In a matter so much based on judgment, argument could go on interminably—at the cost of much effort and to little benefit.
- (ii) It might well not give sufficient to the operators. Both the larger and the smaller operators have argued that the total remission of fuel tax on rural services only would not be sufficient to meet the problem. As noted above, the Public Transport Association submitted figures of the cost of fuel tax and the loss incurred in 1958 on "unremunerative" rural services in respect of a sample of 19 member companies. In only three companies would the remission of fuel tax on rural services have offset the losses incurred. The total figures for all 19 companies were:—

	£
Loss on "unremunerative" rural services	1,300,000
Cost of fuel tax on all rural services	715,000
Deficiency	585,000
Similar figures for the Tilling Group were:—	
Loss on "unremunerative" services, most of them rural	1,950,000
Cost of fuel tax on "unremunerative" services, most of them rural	1,890,000
Deficiency	60,000
The Scottish Omnibus Group:—	
Loss on "unremunerative" services, most of them rural	585,000
Cost of fuel tax on "unremunerative" services, most of them rural	440,000
Deficiency	145,000

Conclusion

156. In spite of its apparent attractions, we do not recommend remission of fuel tax as the solution to our problem. If given on all services, it would be quick and simple but too sweeping and imprecise; if on selected services only, it would involve administrative problems and possibly almost insoluble questions of definition. In either case, it could only be a temporary, short-term solution.

Possible Solutions

(5) Direct Financial Aid

157. In the previous Chapter we reached the conclusion that while a remission of fuel tax to the operators of rural bus services would have the advantage that it could come into effect quickly, it would not provide a lasting solution to our problem. If costs should continue to rise and still more if the number of passengers carried should continue to fall it would not be long before the relief afforded by this tax reduction was completely exhausted, in which case, and in the absence of financial assistance, more services would be abandoned. The question therefore arises whether, if financial assistance should be contemplated, there would be any need to contemplate a remission of fuel tax. In view of the administrative difficulties involved in a differential remission of fuel tax we think it would be preferable not to interfere with the administration of fuel tax for the benefit of rural bus services and to give whatever assistance was required in the form of direct financial aid. This would have the further advantage of making it possible to concentrate the financial assistance where it was most required.

Assessment of need

158. Most of the witnesses who suggested that special assistance should be provided did not contemplate that assistance should be given to enable bus services to operate over routes which had not been served in the past. Most of these witnesses confined their suggestions to services which had been withdrawn in recent years. There is, in our view, no logical justification for this distinction. The sole difference between a service which was withdrawn two years ago and one which may be withdrawn next year is that in the former case the people affected may have adjusted themselves to the change by acquiring alternative means of transport, by leaving the area or by accepting the inconvenience of being deprived of a public service whereas in the latter case the adjustment has still to be made. It is still possible that the hardship and inconvenience in the first case may be greater than in the second. If special assistance is to be provided on the basis of social need we think that this need should be assessed in the light of all the local circumstances and not simply on the basis of services which are about to be withdrawn.

159. We must first consider by what means this social need, and therefore the case for special assistance, should be assessed. Since any such assessment would have to be based upon local knowledge it would not be appropriate that it should be done directly by the central government. On the other hand,

if the central government is to provide some of the funds required there would have to be some central government supervision and control over whatever local assessments were made.

Possible Methods of Administration

160. We have approached the problem by considering three possibilities. The responsibility for assessing the social need and for providing the means to meet it might be placed on a special statutory authority to be established for the purpose; or it might be placed on the Traffic Commissioners; or it might be placed on the County Councils.

(i) Creation of new authority

161. We do not support the suggestion that a special statutory authority should be created. Such an authority would either require to build up an elaborate and expensive organisation of its own which we think would not be justified by the magnitude of the problem, or it would have to make use of existing organisations such as the Traffic Commissioners or the Councils. In these circumstances we think it would be preferable to place the responsibility directly on an existing organisation.

(ii) Administration by Traffic Commissioners

162. The second of the three possibilities would place the responsibility on the Traffic Commissioners, whose areas are large enough to ensure that rural bus services would be properly co-ordinated. It can also be said that Traffic Commissioners have an intimate knowledge of the bus facilities in their areas and of the complaints which come from the public when services are felt to be inadequate. To give effect to this proposal, of course, it would be necessary to amend the existing powers and duties of the Commissioners so that they could ensure that a rural bus service should be provided where none existed or a service maintained which was in danger of being withdrawn and they would have to be empowered to administer whatever financial assistance was thought to be necessary for the purpose.

163. Although this suggestion has certain attractive features we think it would be difficult to reconcile these additional responsibilities with those judicial functions which the Commissioners are appointed to discharge.

(iii) Administration by County Councils

164. We come now to the third possibility that the responsible authority should be the County Councils. The procedure might be as follows. A local community which felt that it could prove real hardship or inconvenience through the absence of adequate rural bus services would apply, either through its Parish Council or direct to its District Council¹ either for a new service or for the maintenance in whole or in part of a service which was about to be withdrawn. The District Council, if satisfied with the merits of the request and having regard to the needs of other parishes, would pass the request to the County Council, either in its original form or in an amended form. The local scrutiny which took

¹ In Scotland application would be made to the District Council.

place at District Council level would provide the County Council with some of the data required to estimate the extent of the services desired, the number of passengers expected to be carried and the cost of providing the services. The County Council would then consider the application. At this stage we think it would be an advantage if the assistance of the Traffic Commissioners could be made available to the County Councils in order to ensure that these councils were fully informed of the facilities which existed, the extent of the needs to be met, and the order of cost involved.

165. The desired services could either be provided by the County Councils direct, or the County Councils could use existing operators as their agents. The latter course has the great attraction that, since it would use the existing resources and valuable experience of the bus industry, it would probably be the most economical and efficient way of meeting the need. We think this factor of such paramount importance that we have used it as the basis for our further consideration of the way in which services might be provided. We do not, however, completely rule out the possibility of direct operation by the County Councils where no existing operator is available.

166. Once the County Council had decided that a particular service was needed, its next step would be to publish details of what was required, together with an invitation to operators to tender for it. The successful tenderer would then apply to the Traffic Commissioners for a road service licence which presumably would be granted unless there were overwhelming reasons against it.

167. The financial assistance in this case could be provided in a number of ways. One would involve an undertaking to make good the operator's losses; another would involve a fixed sum paid to the tenderer. The first of these would give rise to much administrative difficulty in the checking of operators' accounts and in exercising supervision over the management of the services. Small operators at present do not as a rule keep detailed cost accounts and their bus services are frequently integrated with other business activities such as the keeping of a garage, a farm, a shop or a country inn. The second method would be simpler to operate and would have the additional advantage that the amount of financial assistance would be definite and not, as in the first case, an uncertain quantity. In fixing the contract, regard would doubtless be had to its reasonableness in relation to the services to be provided. The Traffic Commissioners might be asked to certify that the tender was in fact reasonable.

168. We recognise that these proposals are not free from difficulty. One difficulty is that rural bus services may cut across county boundaries so that the responsibility for providing a service might be divided. This is especially true in the Highlands of Scotland where many of the important routes are trunk routes and where the distances involved in rural bus services tend to be greater than elsewhere. We think, however, that this difficulty where it existed could be overcome and that the advice which the Traffic Commissioners were able to give to the County Councils would be of particular help in this connection.

169. Of the three possible arrangements which we have cited (paragraph 160) we think that the third would be most satisfactory and we recommend accordingly.

Meeting the cost

170. It has been represented to us, however, that some of the counties in which the rural bus problem is most acute would find it difficult to assume full responsibility for whatever financial assistance was required and that some assistance from the central government would be necessary. We think there is substance in this view. We think that the cost should fall partly on the Exchequer and partly on the County Councils.

171. We do not think it necessary to make specific proposals on the financing of the outlays needed or on the form in which central government assistance should be provided. We do, however, see advantage in an *ad hoc* grant rather than that the assistance should be assimilated in the general grants to local authorities. We are attracted to the idea that the Development Commission might play a useful role in the administration of any financial assistance provided by the central exchequer and we think that this possibility should be carefully examined. The Development Commission which is a statutory body set up in 1909 is charged, among other things, with the promotion of the economic advancement of the rural community through schemes designed to help and develop agriculture and rural industries, and to widen the opportunities of rural life. On the recommendation of the Commission, the Treasury may make advances by way of grant or loan to government departments, public authorities and other associations not trading for profit. The provision of adequate rural bus services is one factor in the promotion of economic and social development in rural areas and we think that the Commission, perhaps more than any other organisation, would be in a position to pursue a consistent and harmonious policy to which all the relevant elements would make their appropriate contributions.

The extent of the cost

172. It is not possible to make a firm estimate of the total amount of financial assistance which our proposals would involve. The social need for which it is desired to make provision varies between different parts of the country and the number of requests for special services cannot be determined in advance. Nor is it possible to be certain about the number of requests which would be finally approved or the amount of financial assistance which would be required to sustain them.

173. One way of approaching the matter would be to take as a starting point the rural bus mileage which had been abandoned or significantly reduced in recent years. From information at our disposal (*see* Appendix E), we can calculate that if all this mileage were to be restored and if the financial aid necessary for the purpose averaged 1s. per mile, the present annual cost would amount to about £900,000, rising to about twice this figure in 1964 if recent trends were to be maintained. We think that by no means all this mileage would pass the test of social need and to this extent the cost would be less than the figures mentioned above. On the other hand, new circumstances might arise which could cause the above estimates of cost to be exceeded. Precision is impossible having regard to the many uncertainties involved. But we take the view that implementation of our proposals might entail an initial cost of about £1,000,000 a year, with the prospect of some annual increase over the

next few years. On the basis of our proposals, these sums, as we have said above, would be found partly by the Exchequer and partly by the County Councils.

(Signed) D. T. JACK (*Chairman*)
A. TERENCE MAXWELL (*Vice-Chairman*)
T. W. BENBOW
FRANCES FARRER
C. I. R. HUTTON
*W. T. JAMES
J. M. MILLER
S. W. NELSON
*H. R. NICHOLAS
*EDWARD B. POWLEY
H. H. RIDDELL-WEBSTER
FRANK W. WARD

J. M. MOORE (*Secretary*)
6th January, 1961.

* Signed subject to minority reports in respect of certain aspects of the problem (see pages 50-53).

Minority reports in respect of certain aspects of the problem

(i) *Mr. James*

1. I regret to find myself at variance with the majority of the Committee, and therefore submit my minority report on two important matters:—

- (i) The majority are of the opinion that help to rural bus operation would best be given by direct subsidy (subject to tender), derived from the Exchequer and from county rates, and administered by county councils. I consider that this form of help (a) is likely to destroy, or at least seriously impair, the system of cross-subsidisation which has for many years been encouraged by the Traffic Commissioners under the Road Traffic Acts; (b) would cost the Exchequer and the county councils much more than the sum suggested in Chapter 10 of our Report; and (c) would tend to diminish the quasi-judicial independence of the Traffic Commissioners by forcing them, as advisers of the subsidising councils, into close association with matters of local political conflict.
- (ii) Whilst the majority of the Committee reject it, I much prefer the selective remission of fuel tax as a means of helping rural bus operation. It need not be imprecise (I suggest a practical method later). It would leave the present substantial cross-subsidisation of rural services untouched. It would involve no addition to county rates, and a much smaller net loss to the Exchequer. It would not arbitrarily transfer public funds from one purpose to another; but simply restore certain monies whence they came. It would keep the Traffic Commissioners as clear from local party politics as they now are. Whilst it would strictly limit the amount of help available in a given case, some limitation is desirable if the resources employed in rural transport are to be reasonably measured to the use made of them.

2. Taking my objection to direct subsidy first, I do not believe that a new system of direct subsidy from national and county funds can work side by side with the present system of cross-subsidisation without seriously damaging, and eventually eliminating, the latter. If public funds are made available to subsidise one unremunerative rural service which happens to be independently run, then there can be no good reason why a similar service which is run by a larger operator and supported by cross-subsidy from his paying routes should be denied similar help. For in the latter case the cross-subsidy is in reality provided by passengers (usually those in urban areas) who pay more for their journeys than would otherwise be necessary.

3. It is not difficult to see how the hands of the cross-subsidising operators (and of the Traffic Commissioners who control their fares) would be forced. Once public funds were available to subsidise rural operations, county boroughs who conceive it their duty to secure the lowest economic fares for their citizens would speedily be brought into conflict with the county councils before the

Traffic Commissioners. Large and medium-sized operators, who now supply a high proportion of total unremunerative rural mileage, might well feel obliged to proffer wholesale the surrender of licences for non-paying routes (whilst tendering to continue them subject to subsidy), rather than apply to cover increased costs, e.g., wages, by raising still further the fares on urban services which objecting boroughs could show capable of bearing those costs if the burden of cross-subsidy were lifted.

4. Bearing in mind the varying kinds and sizes of undertaking which now operate rural services at a loss, it is not to be expected that subsidy, once it was available by tender, could be confined to the minority of those services which have been either withdrawn or known to be in jeopardy in recent years. The tendency in any area would inevitably be for like services to attract like subsidy. Therefore the total cost of such subsidies would in my judgment become much greater, probably many times greater, than is predicted in Chapter 10. It has to be remembered that a very large proportion of rural operations is now sustained only with the help of cross-subsidy.

5. Since 1931, the road service licensing tribunals, the Traffic Commissioners, have established and preserved a quasi-judicial independence quite disconnected from the local politics of their areas. If the Committee's recommendations are implemented it must be assumed that rural bus subsidies will become questions subject to political contention and pressures. As the Traffic Commissioners are recommended to be given the responsibility of advising and assisting the county councils concerned, presumably by private process and apart from their public court procedure, it is hard to see how the confidence now felt in their impartiality and open-mindedness could fail to suffer.

6. If direct subsidy is to exist at all, it might be better to keep its administration, by tender and by licence, entirely clear of the county councils, and leave it to be discharged by the Traffic Commissioners themselves—tribunals with special knowledge and established independence, and composed in part from panels of county and borough councillors.

7. I would prefer, however, to see rural bus operations helped by different means altogether, by a selective remission of fuel tax. If a more general fuel tax remission is not immediately possible, remission by way of refund could be limited to that part of stage carriage mileage which is required by licence to be operated outside built-up areas (excluding non-scheduled duplicate mileage). This is the nearest practical approach to a remission limited to rural services. The greatest relief would go to the services on the least populated routes. Mileage qualifying for relief could be accurately measured and certified by the Traffic Commissioners, and the tax-free gallonage allowable in respect thereof would be settled by them in the light of the knowledge available to their technical staffs. Another advantage of this proposal is that petrol and fuel oil would both be covered.

8. Relief for rural services on these lines would depend wholly on matters of fact, and not upon the ebb and flow of local politics. The amount of the relief would be uniform in like cases, and could never become extravagant. No anomalies would arise where rural services cross county boundaries.

9. The suggestion I advance is not new. It was brought to our notice that it had been considered by the principal Associations representing the operators

during the course of the Finance Bill of 1959. The Associations examined the proposal in detail, and were satisfied that it offered a practical solution of the problem so far as it went.

10. Some operators have suggested that remission of fuel tax for rural services only would not be sufficient to meet the whole problem (Chapter 9 (155)). I do not disagree, but whether fuel tax is remitted in whole or in part, it is my view that tax relief should come first and a subsidy only if services cannot even then be maintained.

11. I have signed the main Report, notwithstanding these reservations, because I am in agreement with its analysis of the problem and with its conclusion that help should be given to rural operations. I believe that the method of giving that help is a subject deserving further consideration along the lines indicated in this Memorandum.

W. T. James.

(ii) *Mr. Nicholas*

1. The main Report clearly analyses the difficulties associated with rural bus operation, establishes that some hardship and inconvenience exist, and stresses the need for a number of remedial measures to resolve present and future problems.

2. For these reasons my signature has been appended to the Report, but with reservations arising from the fact that the problems experienced by rural communities are not wholly restricted to them but are now extending to other sections of the community, if not in the same degree, sufficiently to cause concern.

3. Any remedial measures proposed must, therefore, be considered in the light of their possible application to all sources of hardship and inconvenience.

4. In my view, the provision of adequate public transport in all its forms should be regarded as an essential social service wherever the need for it is proven. This, I consider, is implicit in the legislation affecting the industry and the degree of public ownership introduced. Where differences of opinion exist they should relate to the means for achieving this end and not to the end itself.

5. Modern trends indicate that the smaller private operator, in many instances with very limited facilities and finances and despite his proven zeal for service to the public, will be unable to resolve the present difficulties or face the growing problems associated with sustaining stage services at existing levels of frequency or at levels consistent with the public need.

6. It is also apparent that larger operators, with better facilities and stronger finances, are being hard-pressed to maintain frequencies at existing levels and will be unable to satisfy public needs if left dependent only upon existing resources.

7. The position is aggravated, too, when the operator is the sole arbiter in deciding whether an existing stage service should be completely abandoned.

8. As current trends develop, the case for co-ordination and integration grows stronger, and the urgent need for complete public ownership of the Passenger Transport Industry is emphasised. The problems will intensify, and not diminish, as more people acquire their own means of transport or, for other reasons, utilise public transport less and less.

9. It follows that so long as large, medium and small undertakings, publicly or privately owned or a mixture of both, can operate on the basis that they may abandon or obtain consent to restrict stage services, there will be a growing section of the community, especially amongst the young, the aged and the poorer classes, who will experience increasing hardship and inconvenience, whether living in or travelling to and from rural and urban communities.

10. No remedies restricted to rural bus operation only can resolve this cardinal issue, so they should be of such a nature as to be capable of application in all circumstances where public need justifies special consideration.

11. These are some of the reasons why I feel the problem of the rural communities cannot and should not be entirely isolated from those of the rest of the country, and why I consider public ownership of the industry to be the means through which an essential social service should be administered. There are other reasons why I consider public ownership to be justified but these are outside the scope of this Report.

12. The Rural Bus Committee considered the problems in relation to the existing structure of the industry with all its ramifications, anomalies, inhibitions and prohibitions. I therefore submit the following observations upon the Committee's proposed solutions.

13. I cannot accept the majority view that a direct subsidy should be preferred to full tax remission, certainly not as a first step. There seems to me to be no case for granting a subsidy while at the same time extracting from the industry a heavy tax in respect of fuel consumed. This is merely a "from one pocket to the other" transaction.

14. In my view there is a strong case for an immediate and complete fuel tax remission generally for the industry for many reasons. One is that it would enable operators of stage services to continue the system of cross-subsidisation, practiced for many years and stimulated by the Traffic Commissioners (see Section 135 (2) (d) of Road Traffic Act, 1960). It would also assist in overcoming problems associated with routes passing through both rural and urban districts and those cases where "unremunerative" is difficult to define.

15. I fear that the system of cross-subsidisation would gradually dry up if some operators' unremunerative rural services were subsidised by public funds while other operators' unremunerative services were expected to be "carried" by their remunerative routes. Intense passenger resistance to increased fares, for any reasons whatsoever, would be built up. An increasing number of licences would be surrendered for unremunerative routes while the same operators would seek to tender for them in the event of a subsidy being applied.

16. The eventual sum involved in a subsidy would inevitably be much greater than that envisaged in Chapter 10 of the main Report. If the principle of a subsidy is sound there appears to be no reason why it should be restrictive in its application to unremunerative rural services only.

17. There are many cogent reasons for complete fuel-tax remission, such as those associated with improved wages and conditions of employment; the cost of vehicle replacements; rising maintenance costs; falling revenues; and the burden of other forms of taxation. These and other reasons emphasise the need to relieve the direct fuel-tax burden before appealing for assistance from elsewhere, including fares increases, and can be applied to those who operate any form of passenger transport service.

18. In the event of complete remission of fuel-tax for the industry generally being rejected as a possible immediate solution and something for the future, I would suggest a complete remission of fuel-tax on unremunerative rural routes. This could be based upon rural stage carriage mileage operated, supported by figures submitted to and confirmed by the Traffic Commissioners who would be in possession of the route "details" when granting the licence. Fuel con-

sumption per mile would vary according to the type of vehicle but no doubt the Commissioners would have technical assistance available to them in order to measure the gallonage consumed.

19. Definition of a "rural bus service" may present problems and latitude would need to be granted to the Traffic Commissioners. A fairly general yardstick could be "mileage operated outside built-up areas" though there may be reasonable exceptions to this. Each case would need to be examined on its own merits to determine if the route or parts of it qualified to be described as a "rural bus service" and entitled to tax remission.

20. I agree with the majority of the Committee that a recognised procedure should be instituted so that where a local community feels it is experiencing hardship or inconvenience the evidence should be submitted to and considered at County Council level. I also hold the view that the existing powers and duties of the Commissioners should be amended so that they can ensure that a rural bus service be instituted where need exists, or a service maintained which is in danger of being withdrawn, using appropriate established operators as the media through which such a provision should be ensured.

21. I suggest, therefore, that certain of the solutions proposed in Chapter 10 of the main Report should not be implemented until full consideration has been given to the suggestions herein presented as a first step in resolving rural bus problems.

H. R. Nicholas.

(iii) *Mr. Powley*

I have signed the Report because I agree, in the main, with its historical and factual survey and the conclusion stated in Chapter 8, paragraph 145:—

“that adequate rural bus services cannot be provided except as a result of some measure of financial assistance from outside the industry”.

But I make reservations:—

1. I do not advise the arrangement, suggested in Chapter 10, paragraph 164, for the institution of “a new service or for the maintenance in whole or in part of a service which was about to be withdrawn,” by which a County Council, having received and approved Rural District recommendations would, in effect, go into business, though by proxy, as a provider of public transport on routes which no other operator would undertake, recouping its losses partly from the rates, partly from the Exchequer.

(a) Evidence submitted to the Committee has shown that the County Councils Association of England and Wales is, for a variety of reasons, averse from participation in the provision of any public transport and the attitude of the Scottish County Councils is reported to be similar. In particular, I consider that opposition to placing upon the rates any extra burden, however small, would occur at both Rural District Council and County Council levels, an opposition which would be most acute in agricultural counties where derating on a large scale obtained, yet the need for the contemplated services would be likely to be highest. Such opposition could only be removed by a willingness of the Exchequer to make *ad hoc* grants upon a formula which would leave the demand upon the rates non-existent or negligible. In many areas rural transport would, for this cause alone, be made a political issue.

(b) The proposal puts a premium on provision of new routes rather than upon the retention of threatened ones.

(c) Desirable as it is to secure new rural services, the necessity to retain and reasonably develop existing rural services is far greater. Attention has been drawn to the fact that the Tilfing Group (of 27 companies), the British Electric Traction Company (incorporating most of the large private companies) and the Scottish Omnibus Group (operating 80 per cent. of the Scottish non-municipal services)—the first and third British Transport Commission owned, the second, one in which the Commission holds a substantial but not directive interest—provide between 70 to 80 per cent. of all rural transport (Chapter 2, paragraph 43). It may well be that the member operators of these three large groups, in the knowledge that the Traffic Commissioners are required, in adjudication, *inter alia*, to—

“ . . . have regard to . . . the provision of unremunerative services (Road Traffic Act, 1960, Section 135, sub-section (2)(d) . . . ”

and actuated by public spirit, will not, as long as they continue to make profits at present levels (profits which vary greatly from company to company) lightly throw in, or unduly seek modification of, licences for

rural routes run at a loss. But some at least of the " 1,170 smaller stage operators with less than 25 vehicles, 609 of them with 5 vehicles or less " (Chapter 2, paragraph 44), finding difficulty in continuing sparsely yielding rural runs, will indubitably consider that they deserve assistance to maintain such routes and contrast the guaranteed return, the assured profit, of operating a " county bus " against reliance on more precarious takings. In such cases, under the suggested scheme, benefit could only be obtained if the operator were willing to face surrender of his licence, gamble upon the likely action of the Rural District Council and County Council as to the need for the route and risk unfair competitive quotation.

- (d) It is perhaps arguable that by adjustment of the profits made by the individual members of the two Transport Commission owned major groups between themselves and the Transport Commission, some provision could be made for the increased expenditure which those companies should, in an uncertain market and with rising operational (largely labour) costs, incur, if they are to maintain and reasonably improve their wide network of rural services; but the constituent companies of the British Electric Traction Company and the 1,170 other operators (over half of them with less than five vehicles) could not be benefited by domestic actuarial rearrangements. Bearing in mind that consideration, and fully allowing for the cross-subsidisation which companies of the three major groups and not a few of the lesser operators practise, I am of the opinion that the case for granting general assistance for the retention and development of rural services is made out and that the assistance can discriminatively and readily be given through the remission in full of the tax on fuel used on rural stage services only. I believe that so assured, bus operators in their own interests will do their best to continue and to better existing rural services. In this task it is suggested they might materially be helped by Passenger Transport Liaison Committees of county standing. (Such committees might provide a meeting place for the representatives of County Parish Council Associations, Rural, Urban and Borough Clerks and County Council representatives with the traffic managers of the bus companies operating in the area.)

I would place upon the Traffic Commissioners the responsibility of designating what services should be regarded as rural.

A Parliamentary or legal definition of " a rural bus service " may be hard to frame; but I do not think that the Traffic Commissioners with detailed topographical knowledge and loading figures before them, would experience undue difficulty in deciding whether a service with picking up points in a rural district or districts ranked primarily as rural or urban. In Chapter 4, paragraph 62 it is pointed out that " there is some precedent for this device " and a responsibility once imposed upon the Traffic Commissioners might be revived. Their technical staff could as efficiently deal with problems of allowable rebates.

2. I am of opinion that, contrary to the view expressed in Chapter 6, paragraph 109, Parish Councils should have the right and not uncertain concession of appearance before the Traffic Commissioners. Parish Councils represent folk for whom bus services are matters of day to day concern and they will often be in a position uniquely to assist the Commissioners with their evidence.

It can be pointed out that Parish Councils are competent to appear as parties in legal proceedings of all kinds (Local Government Act, 1933, section 276) and, in addition, in public enquiries in practically all matters relating to their parishes (*ibid.*, sections 290, 291). The anomaly of not admitting right to appear before the Traffic Commissioners can be tested by the reflection that in Hertfordshire alone there are 11 parishes with over 5,000 population and two of over 10,000.

Edward B. Powley.

Appendix A

List of Bodies and Persons who submitted evidence to the Committee.

*Those who gave both written and oral evidence are marked *.*

Those who gave oral evidence only are marked †.

- Alston-with-Garrigill Rural District Council
- Association of British Chambers of Commerce
- *Association of County Councils in Scotland
- Association of Municipal Corporations
- Mr. A. Boulton
- British Employers' Confederation
- *British Transport Commission
- Caddington Parish Council
- *Central Transport Consultative Committee
- Mrs. J. E. Challenger
- The Rt. Hon. The Lord Clitheroe
- Coggeshall Parish Council
- Conference of Local Authorities and other Bodies, Lincolnshire (Lindsey)
- Cornwall Association of Parish Councils
- *County Councils Association
- Mr. F. K. Davies
- *Department of Agriculture and Fisheries for Scotland
- *District Councils' Association for Scotland
- Dorset Transport Consultative Committee
- Dumfries and Galloway Development Association
- Mr. C. Dunbar
- Durham County Association of Parish Councils
- East and West Ridings Regional Board for Industry
- Eastern Regional Board for Industry
- Major F. S. Eastwood—Chairman of Traffic Commissioners for Yorkshire Traffic Area
- Mr. H. A. Elliott
- *Forestry Commission
- Mrs. T. V. Gair
- General Post Office
- Mrs. K. A. Gosling
- Great Bardfield Parish Council
- Mr. J. A. T. Hanlon—Chairman of Traffic Commissioners for Northern Traffic Area
- Hartley Wintney Parish Council
- *Mr. J. A. B. Hibbs
- Mr. C. R. Hodgson—Chairman of Traffic Commissioners for East Midland Traffic Area
- Horncastle Rural District Council
- *House's Watlington Buses
- Huntingdonshire Council Council
- Huntingdonshire Parish Councils' Association

Ideal Motor Services
 Mr. W. P. James—Chairman of Traffic Commissioners for West Midland
 Traffic Area
 Mr. F. Johnstone
 Kelvedon Parish Council
 Kent Association of Parish Councils
 Lindsey Association of Parish Councils
 Lindsey County Council
 Little Abington Parish Council
 London and South Eastern Regional Board for Industry
 Mr. W. Low
 Mr. C. J. Macdonald—Deputy Traffic Commissioner for the Metropolitan
 Area
 Mr. D. R. Macgregor
 Mr. A. Macintyre
 Sir H. Osborne Mance
 Mid-Wales Motorways Ltd.
 Midland Regional Board for Industry
 *Ministry of Agriculture, Fisheries and Food
 †Ministry of Housing and Local Government
 The Rt. Hon. Hugh Molson, M.P.
 Montgomery County Association of Parish Councils
 Montgomeryshire and Radnorshire Local Employment Committee
 Mr. D. I. R. Muir—Traffic Commissioner for the Metropolitan Traffic Area
 Municipal Passenger Transport Association
 *National Association of Parish Councils
 National Conference of Road Transport Associations
 *National Farmers' Union
 National Farmers' Union for Scotland
 *National Federation of Women's Institutes
 National Union of Agricultural Workers—Yorkshire County Committee
 New Forest District Association of Parish Councils
 Newport Pagnell Urban and Rural Districts Public Transport Committee
 Mr. M. Noble, M.P.
 Norfolk County Association of Parish Councils
 North Midland Regional Board for Industry
 North Western Regional Board for Industry
 Northern Regional Board for Industry
 *Northern Road Transport Owners' Association
 Northumberland County Council
 Northumberland Rural Community Council
 Mr. W. P. S. Ormond—Chairman of Traffic Commissioners for Eastern
 Traffic Area
 Mr. I. Owen—Chairman of Traffic Commissioners for South Wales Traffic
 Area
 Councillor F. W. Parrott
 *Passenger Vehicle Operators Association Ltd.
 *Mr. G. J. Ponsonby
 *Public Transport Association

Mr. W. F. Quin—Chairman of Traffic Commissioners for Scottish Traffic Area
 Radnorshire Association of Parish Councils
 Mr. D. Renton, M.P.
 Road Passenger and Transport Association Ltd.
 *Rural District Councils Association
 Scottish Board for Industry
 Scottish Council (Development and Industry)
 *Scottish Road Passenger Transport Association
 Scottish Trades Union Congress
 *Scottish Women's Rural Institutes
 *Shropshire Organisations Rural Bus Services *ad hoc* Committee
 Simpsons Motors
 Mr. I. Skewis
 Smallburgh Rural District Council
 South Western Regional Board for Industry
 Southern Regional Board for Industry
 Surrey County Federation of Women's Institutes
 Swedish Ministry of Communications
 Swiss Administration of Posts, Telegraphs and Telephones
 Mr. H. J. Thom—Chairman of Traffic Commissioners for South Eastern Traffic Area
 *Mr. D. St.J. Thomas
 Trades Union Congress
 *Transport Users' Consultative Committee for Scotland
 *Transport Users' Consultative Committee for Wales and Monmouthshire
 *University of Durham—King's College, Department of Town and Country Planning
 Urban District Councils Association
 Welsh Board for Industry
 West Midland Regional Council of the Labour Party
 Mr. B. S. Williams
 Mr. F. Williamson—Chairman of the Traffic Commissioners for North Western Traffic Area
 Mr. G. Wilson, M.P.
 Yorkshire Rural Community Council

Appendix B

STAGE SERVICES—ALL OPERATORS EXCLUDING LONDON TRANSPORT EXECUTIVE AND LOCAL AUTHORITIES
(Based on Ministry of Transport "Public Road Passenger Transport Statistics")

Passenger Journeys (millions) *Vehicle Miles (millions)*

Year	Up to 24 vehicles	Over 24 vehicles	Total	Up to 24 vehicles	Over 24 vehicles	Total
1948	—	—	5,004*	—	—	Not available
1949	—	—	5,275*	—	—	1,029*
1950	—	—	5,446*	—	—	1,047*
1951	338·56†	5,164·94	5,503·5	98·65†	966·55	1,065·2
1952	329·84	5,222·78	5,552·6	94·91	981·83	1,076·74
1953	322·09	5,197·61	5,519·7	91·16	983·30	1,074·46
1954	302·87	5,279·12	5,581·99	87·67	994·01	1,081·68
1955	283·65	5,348·11†	5,631·76†	81·36	1,008·22	1,089·58
1956	276·00	5,287·36	5,563·36	79·08	1,013·09†	1,092·17†
1957	268·48	4,873·93	5,142·41	75·60†	951·80†	1,027·40†
1958	258·24	4,847·42	5,105·66	75·40	975·59	1,050·99
1959	240·05	4,818·05	5,058·10	72·04	977·46	1,049·50

* Before 1951, no figures for operators of less than five vehicles are available. Figures of operators with more than five have therefore been scaled up to give approximate totals.

† Figures underlined indicate the peak year.

‡ The figures for this year are depressed because of the Suez crisis and consequent fuel rationing, and the 1957 bus strike.

TRENDS IN ROAD PASSENGER TRANSPORT 1938-1959

(Based on Ministry of Transport figures of vehicle licences current during the September quarter of each year)

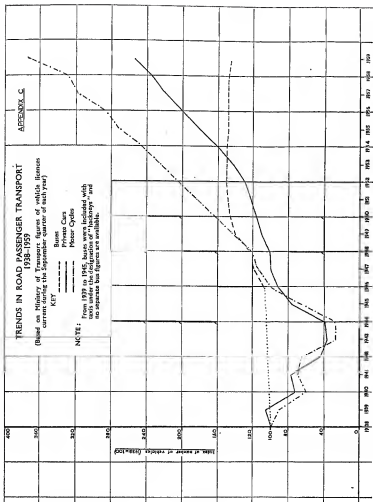
KEY

- Buses
- Private Cars
- Motor Cycles

NOTE:

From 1939 to 1945, buses were included with taxis under the designation of "hackneys" and no separate bus figures are available.

Index of number of vehicles (1938=100)



Appendix D

GROWTH IN NUMBERS OF PRIVATE CARS

(Based on Ministry of Transport figures (*see* Appendix C)
and figures supplied by Northumberland County Council)

Current Licences

<i>Year</i>	<i>Country as a Whole</i>		<i>Selected Rural Areas of Northumberland</i>
	<i>Millions</i>	<i>1950 = 100</i>	<i>1950 = 100</i>
1950	2.26	100.0	100.0
1951	2.38	105.3	105.4
1952	2.51	111.1	112.5
1953	2.76	122.1	127.5
1954	3.10	137.2	143.8
1955	3.53	156.2	161.5
1956	3.89	172.1	163.3
1957	4.19	185.4	182.8
1958	4.55	201.3	198.4
1959	4.97	219.9	212.5

Appendix E

RURAL BUS SERVICES ABANDONED AND REDUCED

YEAR ENDED 31ST AUGUST, 1960

Traffic Area	(1)			(2)		(3)		(4)		(5)		
	Services Abandoned			Routes Abandoned		Services Significantly Reduced		Significant Reductions Resulting in Partial Abandonment of Route		Total Reduction (No. + Miles) Year Ended		
	(a) Number	(b) Route Mileage	(c) Weekly Vehicle Mileage	(a) No. of Routes Left Without a Service	(b) Route Mileage Involved	(a) Number	(b) Weekly Vehicle Mileage	(a) No. of Routes Left Without a Service	(b) Route Mileage Involved	1959	1958	1957
Northern ..	2 (3)	18.5 (38)	760 (255)	1 (3)	14 (38)	17 (9)	2,811 (1,645)	2	5	3,571	1,900	1,199
Yorkshire ..	3 (3)	35.5 (40)	121 (289)	— (—)	— (—)	— (—)	— (—)	—	—	121	280	45,005
North Western ..	11 (36)	39.4 (352)	260.7 (13,337.6)	2 (8)	5.9 (37.3)	27 (3)	1,542 (866.4)	—	—	1,893	14,304	8,381
West Midlands ..	12 (3)	2 (31.6)	8 (271.8)	— (—)	— (—)	32 (26)	2,342 (1,835.6)	2	14	2,350	2,167	1,786
East Midlands ..	210 (14)	184 (354)	2,372 (6,297)	— (—)	— (—)	47 (44)	1,996 (2,254)	—	—	4,468	6,651	22,443
Eastern ..	13 (4)	22.9 (33.5)	99.6 (112.5)	2 (2)	7.9 (21.9)	9 (13)	1,234 (1,485)	—	—	1,324	1,998	2,723
South Western ..	6 (6)	119 (91)	443 (228)	— (1)	— (21)	5 (13)	400 (1,543)	1	22	843	1,771	4,338
Western ..	8 (14)	133 (137)	1,802 (3,200)	— (2)	— (7)	29 (23)	7,241 (5,914)	1	4	9,043	9,114	800
South Eastern ..	2 (7)	17.9 (61.8)	269.6 (1,757.9)	1 (—)	34.6 (—)	18 (86)	5,540 (25,056)	—	—	5,810	21,814	23,838
Metropolitan ..	2 (6)	15 (72)	792 (3,452)	— (2)	— (16.7)	34 (61)	10,101 (22,196)	—	—	10,893	25,648	8,507
Scottish ..	3 (7)	25 (105)	190 (591)	1 (3)	4.5 (14)	5 (2)	113.6 (372)	3	6.1	305	963	1,515
Totals ..	52 (191)	603 (1,252)	7,118 (27,883)	7 (21)	47 (176)	233 (265)	33,311 (58,625)	9	51	40,429	86,510	76,196
												153,161

Notes.—The figures shown in parentheses are for 1959.

* This figure includes 962 miles reduced on Summer time tables only and 420 miles on Winter time tables.

† Two new services have been granted during the year with a total weekly mileage of 78. Total weekly mileage increases on rural services by variation or modification of licence, amounted to 347 miles (12 services augmented).

‡ One Company accounts for six of these services involving 142 routes and 2,130 weekly vehicle miles against which they have introduced one new restricted service of 14 routes and 112 weekly vehicle miles.

§ 49 stage services were completely withdrawn during the year, but in all but three cases alternative facilities were provided. One new rural service, in substitution for a withdrawn rail service, was introduced in this Area. The route mileage is 20 and total weekly vehicle mileage is 2,400. Other services (4) have been increased by approximately 220 weekly vehicle miles.

The above figures are based on annual returns made by the Chairmen of Traffic Commissioners to the Ministry of Transport (see footnotes on page 9).

Appendix F

INCREASE IN STAGE SERVICE FARES SINCE 1938

TABLE I: Fare levels in pence per mile

for: (a) Tilling Group

(b) Scottish Omnibuses

(c) Eight P.T.A. companies (average)

(Figures supplied by the above bodies at the Committee's request)

Year	5 miles			10 miles			15 miles			Return Rail Fares (up to 200 miles)
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	
1938 ..	1.3	0.91	1.26	1.23	0.90	1.21	1.17	0.86	1.12	1.05
1947 ..	1.3	0.91	1.27	1.23	0.90	1.21	1.17	0.86	1.13	1.63
1954 ..	1.6	1.25	1.62	1.46	1.10	1.47	1.39	1.13	1.35	1.75
1959 ..	2.07	1.66	2.10	1.72	1.4	1.78	1.59	1.27	1.62	2.25
1960 ..		1.75			1.5			1.33		2.50

TABLE II: Increases in Fares over (1) 1938 and (2) 1954 level

(1) 1938 = 100						(2) 1954 = 100			
Year	Index of Consumer Prices	Increases from Table I at 10 mile Journey			Rail Fares (2nd Return)*	Year	Index of Consumer Prices	Index of Stage Service Fares†	Rail Fares (2nd Return)
		(a)	(b)	(c)					
1938 ..	100	100	100	100	100				
1940 ..	—	—	—	—	116				
1946 ..	—	—	—	—	133				
1947 ..	181	100	100	100	155	1954 ..	100	100	100
1948 ..	195	100	100	100	153	1955 ..	103	107	107
1949 ..	200	100	100	100	155	1956 ..	108	114	107
1950 ..	206	—	110	—	155	1957 ..	111	124	114
1951 ..	224	—	110	—	155	1958 ..	114	128	114
1952 ..	237	—	122	—	167	1959 ..	115	130	129
1953 ..	241	—	122	—	167	1960 ..	116	131	143
1954 ..	246	119	122	121	167				
1955 ..	254	—	133	—	179				
1956 ..	265	—	133	—	179				
1957 ..	273	—	144	—	191				
1958 ..	280	—	144	—	191				
1959 ..	281	140	156	147	214				
1960 ..	285	—	167	—	238				
	(Jan.)								

* Source: Ministry of Transport

† These figures are those quoted for operators other than L.T.E. and municipalities in "Public Road Passenger Transport in Great Britain Statistics for 1959-60". They refer to the second quarter of each year 1955-60 (except 1957, when, under the Hydrocarbons Act, 1956, no returns were made to the Traffic Commissioners); 1957 figures refer to the third quarter.

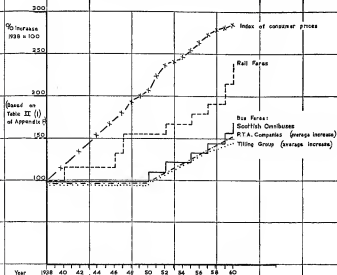
* Source: Ministry of Transport

† These figures are those quoted for operators other than L.T.E. and municipalities in "Public Road Passenger Transport in Great Britain Statistics for 1959-60". They refer to the second quarter of each year 1955-60 (except 1957, when, under the Hydrocarbons Act, 1956, no returns were made to the Traffic Commissioners); 1957 figures refer to the third quarter.

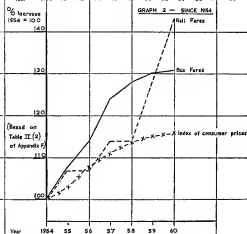
INCREASE IN STAGE SERVICE FARES

APPENDIX G

GRAPH 1 - SINCE 1938



GRAPH 2 - SINCE 1954



Appendix H

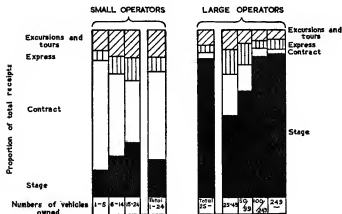
TRAFFIC AND OPERATION (1958) BY SIZE OF OPERATOR
(Based on Ministry of Transport "Public Road Passenger Transport Statistics")

Operators other than London Transport Executive and the Municipalities

	Total	Vehicles in Fleet								
		1-5	6-14	15-24	Total 1-24	Total 25-	25-49	50-99	100-249	250-
1. Number of Operators ..	4,444	3,226	908	151	4,285	159	75	29	17	38
2. Number of Vehicles ..	50,110	7,808	7,731	2,755	18,294	31,816	2,614	2,107	2,958	24,137
3. Number of Stage Operators ..		609	420	81	1,170					
4. Percentage of 3 to 1 ..		18.8	46.2	53.6	27.3					
Vehicle Miles (millions):†										
5. All services ..	1,451.75	104.03	143.45	56.38	303.86	1,147.90	64.67	59.99	103.36	819.88
6. Stage ..	1,050.99	18.01 (17.3)	39.09 (27.2)	18.30 (32.5)	75.40 (24.8)	975.59 (85)	33.74 (52.2)	38.05 (63.4)	87.94 (85.1)	815.86 (88.7)
7. Express ..	101.47	7.71 (7.4)	14.65 (10.2)	8.39 (14.9)	30.75 (10.01)	70.71 (6.1)	9.61 (14.9)	6.96 (11.6)	3.31 (3.2)	50.83 (5.5)
8. Excursions and Tours ..	64.35	9.73 (9.4)	16.64 (11.6)	7.28 (12.9)	33.65 (11.07)	30.70 (2.6)	4.73 (7.3)	3.20 (5.8)	3.96 (3.8)	18.81 (2.0)
9. Contract ..	234.95	68.39 (65.9)	73.07 (50.9)	22.41 (39.7)	164.07 (53.9)	70.87 (6.1)	16.79 (25.7)	11.77 (19.6)	8.14 (7.9)	34.37 (3.7)
Receipts (£ million)										
10. All services ..	158.95	9.38	13.32	5.70	28.40	130.56	6.93	7.14	12.46	104.03
11. Stage ..	117.54	1.32 (14.1)	3.15 (23.6)	1.79 (31.4)	6.26 (22)	111.27 (85)	3.43 (49.5)	4.55 (63.7)	10.64 (85.4)	92.65 (89.1)
12. Express ..	10.32	0.64 (6.8)	1.34 (10.1)	0.83 (14.4)	2.81 (9.9)	7.50 (5.7)	1.10 (15.9)	0.94 (13.2)	0.32 (2.6)	5.14 (5.0)
13. Excursions and Tours ..	7.75	1.06 (11.3)	1.89 (14.2)	0.89 (15.6)	3.94 (13.8)	3.90 (2.9)	0.58 (8.4)	0.41 (5.7)	0.60 (4.8)	2.31 (2.2)
14. Contract ..	23.35	6.35 (67.7)	6.93 (52.1)	2.18 (38.3)	15.46 (54.4)	7.88 (6)	1.82 (26.3)	1.24 (17.4)	0.90 (7.2)	3.92 (3.8)

Note:—The figures shown in parenthesis = percentage of all services.

RECEIPTS FROM DIFFERENT TYPES OF OPERATION
BY SIZE OF OPERATOR



(BASED ON MINISTRY OF TRANSPORT "PUBLIC
ROAD PASSENGER TRANSPORT STATISTICS")